

**ANNEXURE A
(DMS 1270724)**

ANNUAL BUDGET OF
**CITY OF
uMHLATHUZE**

2018/19 TO 2020/21
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS (ADOPTED - FINAL)



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Abbreviations and Acronyms

CFO	Chief Financial Officer	KPA	Key Performance Area
CPI	Consumer Price Index	KPI	Key Performance Indicator
CRR	Capital Replacement Reserve	kWh	kilowatt
DoRA	Division of Revenue Act	ℓ	litre
DWA	Department of Water Affairs	LED	Local Economic Development
EEDG	Energy Efficiency Demand Side Management Grant	MBRR	Municipal Budget Reporting Regulations
EPWP	Expanded public works programme integrated grant	MFMA	Municipal Financial Management Act Programme
FBS	Free basic services	mSCOA	Municipal Standard Chart of Accounts
FMG	Financial Management Grant	MIG	Municipal Infrastructure Grant
GAMAP	Generally Accepted Municipal Accounting Practice	MPRA	Municipal Properties Rates Act
GFS	Government Financial Statistics	MSA	Municipal Systems Act
GRAP	General Recognised Accounting Practice	MTREF	Medium-term Revenue and Expenditure Framework
IDP	Integrated Development Strategy	NERSA	National Electricity Regulator South Africa
INEP	Integrated National Electrification Programme Grant	PMS	Performance Management System
ISDG	Infrastructure Skills Development Grant	PPE	Property Plant and Equipment
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SDBIP	Service Delivery Budget Implementation Plan
km	kilometre	SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Honourable Speaker

Today I have an honour to present to you the 2018/19 Multi Year Budget which will take us to 2020/21 financial year.

Madam Speaker, this year is the year of the father of our liberation - Dr Nelson Rolihlahla Mandela. The ANC lead government has agreed that this year be dedicated to the stalwart.

During his State of the Nation Address, President Cyril Ramaphosa emphasised that poverty has declined significantly following the democratic breakthrough in 1994, we have however recently seen the reverse of poverty levels rising up. Public Finances have also been constrained limiting a number of projects or programmes that could have been done by the government to further better the lives of the people. The economy of the country, Province and locally is also constrained but there are slight improvements, 2018 Budget Review emphasised that although global risk factors remain elevated the world economy continues to provide a platform that will allow South Africa to expand trade and investment. Growth remains stagnant at less than 2 per cent, unemployment remains high at 26.7 per cent, the current water crisis also affects the economic growth and these Economic challenges in turn continue to exert pressure on municipal revenue generation and collection levels.

From a National perspective we have also seen the National Fiscus being reduced quiet drastically for local government. The reduction of the budget from National Treasury means that there are certain grants that municipalities are used to receiving but will not going forward, some due to non-spending. In our context we are still going to be getting the grants as gazettes by government.

Madam Speaker in March we tabled a draft budget which Council then agreed that it can be taken to our communities for their input. This time around we have seen a shift in that our people came in their numbers to listen and contribute to the budget. Madam Speaker, uMhlathuze is a non-delegated Municipality which means it's Budget is assessed directly by National Treasury. The outcome and recommendations from National Treasury are contained in the report before Council today.

Madam Speaker, the outcome from the National Treasury benchmark is indeed pleasing and it deserves a round of applause from the house. Our budget has been found to be **Credible, Relevant & Sustainable**. Further to this for the first time uMhlathuze was assessed as an

emerging Metro, and the outcome of it is also encouraging. The assessment was against four aspects:

- Financial Health - **Excellent**
- Service delivery - **essentially foundation is there**
- Institutional- **Stable**
- Governance- **Stable**

Indeed, this is a great achievement for our City, and the City Manager and administration must implement the recommendations from National Treasury which are also contained in the report.

The 2018/19 Budget takes into account our Vision 2030, and for consideration today we table before this distinguished house the following documents:

- a) The 2018 Budget Speech;
- b) The 2018/19 Budget and Medium Term Revenue and Expenditure Framework;
- c) The revised 2018/19 Budget related policies and tariffs contained in the Batho Pele Budget document;
- d) The revised 2018/19 Integrated Development Plan contained in item 12467

Madam Speaker, the City continues to administer its finances in a prudent and accountable manner in order to achieve the objectives of local government as per Section 152 of the Constitution.

For the 2018/19 financial year, the budgeted operating expenditure is projected to be **R 3 billion** and will be funded as follows:

- Revenue generated internal - **R 2.7 billion**
- Operating grants - **R 356 million**
- Capital grants - **R 129 million**

Projected spending on Capital infrastructure for 2018/19 is **R 525 million** and will be funded as follows:

- Revenue generated internally - **R 86 million**
- Government grants- **R 129 million**
- Loans- **R 310 million**

Madam Speaker our capital funding mix is in line with municipal funding norms. It is very important and I'm sure the house would agree with me that we need to invest in our economic infrastructure in order to stimulate growth. The City's own generated resources and the allocations from the National fiscus are not sufficient to meet the demands and therefore borrowing is to augment the City's ability to meet the needs. Currently our gearing ratio allows the municipality to borrow in order to augment its capex. A list of these projects is detailed in the budget.

Madam Speaker, our tariffs have been very conservative averaging around **7%**, and comparatively we are the lowest and we are also in line with our local circumstances. With our Social package, we have agreed that this budget is a "**pro-poor Budget**". Allow me to share the complete package for indigent relief:

1. **Free first 6 kl** of water for consumers that only consume 6 kl of water and less, then a further reduction will apply to households with more than eight (8) members (who qualify in terms of criteria) as stipulated in the Indigent Management Policy
2. **Free Rates** if property is valued R120 000 or less;
3. **Free Refuse** if property is valued R120 000 or less;
4. **Free Sewer** if property is valued R120 000 or less; and
5. **Free 50kilowatts** of electricity to successful applicants

In conclusion,

A huge number of our people still live in poverty, there is still a huge divide between the rich and the poor. There are still people living without access to basic services, more so the new wards. There is still a lot that we to do improve their lives. It is for this reason that the people of uMhlathuze are looking up to this Council to provide them with services. Madam Speaker I would like to request the administration to implement this budget so that we can change the lives of our people. Having said that I would like to thank the finance portfolio committee in assisting me to put together the 2018 Budget. Let me also pay special gratitude to the City Manager, Executive Management and the Budget team that has worked extensively on this budget. Keep up the good work.

I thank you.

Mayor Mdu Mhlongo

1.2 Council Resolutions

On 29th May 2018, the Council of the City of uMhlathuze will meet in the Council Chambers to adopt the annual budget of the municipality for the financial year 2018/19. The Council will approve and adopt the following resolutions:

1. the Adopted Multi-year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2018/19 and indicative for the projected outer years 2019/20 and 2020/21 be approved as set out in the Budget Report **(DMS 1270724)** and in the Budget tables A1 - A10 **(Annexure B1 - B13) (DMS 1267997)**;
2. the 2012-2017 Integrated Development Plan (IDP) (Final) **(DMS 1134690)** be incorporated into the Adopted 2018/19 Multi-year Medium Term Revenue and Expenditure Framework (MTREF);
3. the Adopted 2018/19 Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April 2014) for the City of uMhlathuze be approved as follows:

Description R thousands	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Operating Revenue	2 773 940	3 054 874	3 240 633	3 473 628
Total Operating Expenditure	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/ (Deficit) for the year	(58 985)	38 377	32 644	31 331
Total Capital Expenditure	570 505	525 161	531 999	550 712
TOTAL OPERATING & CAPITAL BUDGET	3 403 430	3 541 657	3 739 988	4 024 339

It be further noted that this Budget in as far as the Municipal's administration ability and financial system capability allowed, is Project based.

4. the following table setting out the surplus/(deficit) across the services be approved:

Description R thousand	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Electricity and Energy Sources				
Surplus/(Deficit) for the year	208 207	298 334	323 667	352 732
Percentage Surplus	15.0%	18.8%	19.2%	19.6%
Water				
Surplus/(Deficit) for the year	(58 126)	(8 705)	(5 644)	4 210
Percentage Surplus	(13.3%)	(1.9%)	(1.1%)	0.8%
Waste water management				
Surplus/(Deficit) for the year	(502)	(47 214)	(44 676)	(46 123)
Percentage Surplus	-0.2%	(19.5%)	(17.0%)	(16.2%)
Waste management				
Surplus/(Deficit) for the year	8 960	(18 854)	(13 302)	(13 227)
Percentage Surplus	5.8%	(12.9%)	(8.5%)	(7.8%)
Other Services				
Surplus/(Deficit) for the year	(217 523)	(185 184)	(227 402)	(266 262)
Percentage Surplus	(38.1%)	(30.5%)	(35.8%)	(39.5%)
Total				
Surplus/(Deficit) for the year	(58 985)	38 377	32 644	31 331

5. the Draft Service Delivery and Budget Implementation Plan (SDBIP) 2018/19 (DMS 1276594) as submitted be approved;
6. in terms of Section 2(3) of the Local Government: Municipal Property Rates Act the following property rates for the 2018/19 financial year is approved:

Category	Proposed tariff (from 1 July 2018)	Ratio to Residential Tariff
	C	
Residential Properties	0,0097	1 : 1
Business / Commercial	0,0204	1 : 2,10
Industrial	0,0213	1 : 2,20
Agricultural Properties	0,0024	1 : 0,25
Public Service Purposes (State Owned)	0,0112	1 : 1,10
Public Service Infrastructure	0,0024	1 : 0,25
Public Benefit Organisation Properties	0,0024	1 : 0,25
Mining Properties	0,0224	1 : 2,30
Vacant Land	0,0171	1 : 2

7. on application by the relevant rate payers the following rebates be applied subject to the provisions contained in the Rates Policy:
 - Agricultural properties - 5%
 - Non Profit Organisations - 20%
8. the following in terms of the 2018/19 Property Rates Ratios be approved:
 - Vacant Land Category – Revised ratio 1:2
9. the Rates Policy as contained in **Annexure D1 (DMS 1253740)** be approved;
10. in addition to the statutory R15 000 reduction in the valuation on residential properties a further reduction of R105 000 of the valuation on all developed residential properties valued at R400 000 and below be made;
11. in addition to the reductions in recommendation (9) above and subject to the criteria set out in the Property Rates Policy an additional R150 000 reduction in the value of the primary residential property belonging to a pensioner or a social grantee be made;
12. in accordance with the implementation of the universal approach of the indigent policy improved residential property valued at R120 000 or less will be exempted from refuse and sewer charges. The following sliding scale will be applied for charges on improved residential properties higher than R120 000 on the following basis:
 - a) Properties valued between R120 001 and R170 000 will receive a rebate of 25% in respect of the sewer and refuse charges.
 - b) Properties valued at R170 001 and higher will pay the normal tariff.
13. the amendment of the Tariff of Charges as per Annexure C (**DMS 1269709**) be approved;
14. the Tariff Policy as per Annexure D2 (**DMS 1276864**) be approved;
15. any work function or tariff not accommodated in the Tariff of Charges be dealt with as cost plus 20%;
16. the property rates and tariff adjustments as set out above be dealt in terms of Section 14 of the Local Government: Property Rates Act and Section 24 of the Municipal Finance Management Act 2003;
17. the contribution of R 298 million from Electricity Trading Service to Rates and General and other Trading Services referred to in the Electricity Tariff of Charges, as per Annexure C (**DMS 1269709**) as the Local Government Levy, be approved;
18. the profit on sale of all erven be allocated 100% to the Rates and General Capital Replacement Reserve account;

19. in terms of various policies the following increases in allowances are submitted to Council for approval:

	Approved 2017/18 Tariffs	Proposed Tariffs - 2018/19
	R	R
Standby - Travel allowance	96	101
Standby - Subsistence allowance	63	66
Subsistence allowances		
Daily allowance	136	143
Overnight allowance	181	191
Own accommodation	249	263
Interview candidates	65	69
Accommodation		
All employees	1 134	1 196
All councillors and Section 56 employees	1 900	2 005
Municipal Manager, Mayor/ Deputy Mayor, Speaker and Municipal Chief Whip	3 170	3 344
Ward committee members	1 274	1 344
Indigent Burial Assistance		
Adult	2 500	2 638
Child (1 day to 15 years)	1 900	2 005
Stillborn / foetus	1 300	1 372

20. should there be any unspent conditional grants received from the National Fiscus at year end, Council hereby requests that the Municipal Manager via letters to the respective transferring officers apply for a roll-over of funds received in **2017/18** financial year to the next financial year, namely the 2018/19 financial year;
21. Council note the two cents per kilowatt hour tariff on **all business** consumers for the purposes of an Energy Saving Reserve. These reserves shall only be used strictly for energy saving initiatives as per Council Resolution number 10872 dated 25 May 2016 (RPT 160350), that are included in the approved Budget.
22. although Council has an approved Virement Policy, in terms of this 2018/19 MTREF Budget appropriation, no virements (transfers) will be allowed out of:
- All Repairs and Maintenance Projects unless approval has been sort jointly between the Municipal Manager and the Chief Financial Officer;
 - Purchase of Bulk Electricity and Bulk Water Projects;
 - Operations and Maintenance Contracts provisions for Water and Sanitation services; and
 - Other virements (transfers) from line items indicated as impermissible in terms of the approved virement policy.
23. Council approves the borrowing of R310 million for the 2018/19 budget year and a further R310 million for 2020/21 for capital expenditure, however requirements of MFMA Section 46 will still be followed.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

In the process of compiling the Tabled 2018/19 MTREF the submissions received from the Departments which were all project based could be broken down into the following categories:

Scenario	Capital (Own funding)		
	2018/19	2019/20	2020/21
	R 000	R 000	R 000
Initial Departmental Submissions	885 697	645 184	823 494
Departmental reductions	(489 760)	(278 913)	(449 515)
DRAFT TABLE BUDGET	395 937	366 271	373 979

Scenario	Operating Budget		
	Revenue	Expenditure	Deficit
	R 000	R 000	R 000
First (excl tariff increases)	2 827 614	3 299 294	(471 679)
Second (excl tariff increases)	2 827 614	3 103 542	(275 928)
DRAFT TABLE BUDGET	3 088 181	3 054 804	33 377

As Council is aware this Municipality was a pilot site on the Municipal Standard Chart of Accounts (mSCOA). Such are governed by regulations which became effective Nation-wide on 1 July 2017.

Therefore the reductions of both the operating and capital budget was done in terms of mSCOA project submissions by the respective user departments.

Furthermore, a critical review was undertaken of expenditure on non-core and non-priority spending items in line with NT's Cost containment measures outlined in NT's MFMA circular number 82. Emphasis was placed on providing of funds for the repairs and maintenance expenditure line items.

It is important to note that National Treasury have issued Draft cost containment regulations that will become effective 1 July 2018. Council's cost containment memorandum will need to be amended to ensure compliance with the regulations and a policy will be submitted to Council with the during the 2018/19 financial year once the regulations have been gazetted.

The **main challenges** experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The need to reprioritise projects and expenditure within the existing resource envelope. By far the greatest concern here lies with all the services financed by Property Tax (Rates). This adopted budget has the Rates Services sitting with a R 196.7 million deficit;
- The majority of households in uMhlathuze do not pay Property Rates. This because the individual properties within the Ingonyama Trust land are not separately valued and not subject to the Municipal Property Rates Act. This despite the same communities enjoying most of the municipal services that are funded by Property Rates Income;
- There is no Equitable Share allocation for properties that do not pay Property Rates. The significance here that the delivery of basic services is very dependent on Property Rates in yet there is zero allocation from the National Equitable Share allocation for Property Rates itself. This weakness in the financial structure of the Municipal MTREF needs to be addressed at a National level;
- Although Council has received Level II Accreditation, the subsidisation of Housing services which is not a Constitutional mandate can be construed as an "unfunded" mandate due to the fact the Property Rates must now fund the deficit of R16m – refer to Table 27 for details;
- Service Revenue from Water has dropped significantly due to reduction in usage from the effects of the down-turn in the economy in the last few years and a reduction in consumer behaviour, due to drought restrictions. The consequential water income loss is countered by the Level 4 Drought Tariffs. The challenge here is that based on the fact that the bulk of the costs are fixed, the Water Service which is a trading service and meant to be making a surplus is now making a deficit of R 8.5 million. The Administration has to look at cutting costs in this service to make it self-sustaining. The Department of Water and Sanitation will increase its abstraction levies by 9.8% together with an increase of 11.65% in purchase costs from the Water Board, has resulted increases far above the inflationary target of 6%;
- Waste Water Management Service shows a deficit of R 48.3 million on Waste Water Management, this is a concern and efforts will need to be made to reduce this deficit in the coming MTREF by reducing costs therefore the introduction of more efficient and effective operations;
- Waste Management is now trading at a deficit of R 18.9 million from a surplus of R 9 million on 2017/18 Adjusted Budget. This is as a result of a drop in revenue from commercial and industrial consumers through competition from the private sector and is of concern on the sustainability of this service as it has no business case through the provision of this service to residential consumers alone;
- Financial implications through the incorporation of the additional three wards from the de-established Ntambanana Municipality could only be properly assessed re-actively and are only taken account of properly in future budget years. The challenge is that as with the rest of the Ingonyama Trust wards, there is no Rates collected and very little service income;

- The dire need for an efficient and effective business ethic to be applied to all the municipalities' business processes regardless of whether the intended outcome of such process is of a social, economic or profit making nature. This administrative weakness stands out more prominently now with the adoption of the mSCOA regulations;
- Although Employee related costs as a percentage of total Expenditure amounts to 27.1% and appears to be below the 30% industry standard, it is not realistic for specifically uMhlathuze Municipality to be comfortable with this figure because of the high electricity purchase cost which distorts Council's budget figures when compared to other secondary cities. Without a properly researched formula in place, it is difficult to guide Council to a specific benchmark, but in COU situation that figure should be no more than the current 27.1% given the distortion in COU budget caused by the high Electricity Turnover. More significantly with a number of services outsourced, a more conservative approach would be to add the Contracted Services costs (10%) together with Employee related Costs. This figure amounts to 37% (27% +10%);
- The reduction in Other Revenue sources for example Agencies Services for vehicle licensing, Traffic Fines, Licenses and Permits is placing unsustainable pressure on Rates. This is particularly anomalous in light of the fact that these fees should increase in an area where population and related vehicle numbers are increasing in yet income is reducing. This was reported previously and still remains a serious concern;
- Owing to the economic slowdown, financial resources are limited due to reduced Income generation from the current consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances. This comment may appear very contradictory to the very clear improvement in Cash Flows overall, however that is simply due to the accumulations for the Capital Replacement Reserves (Capital Funds), funds of which disguise the very tight situation the Municipality finds itself with the Operating Budget. In other words the financial position we find ourselves in is fairly positive for increasing capital allocations (on condition that they on income generating), versus a fairly negative outlook for operating activities.
- Preparation of a mSCOA project based budget without a budgeting tool within the financial system meant that the information had to be prepared manually which left room for possible errors to arise. The imminent light in the tunnel here is that the new ERP system does have such a module, which should be available for use in the 2018/19 financial year;
- Furthermore, this manual process is time consuming and utilises a lot of resources which puts unnecessary strain on the employees involved in preparing the budget document and budget tables; and
- The Municipal Budget and Reporting Tables for the 2018/19 MTREF must be prepared using version 6.2.

The following budget principles, guidelines and assumptions directly informed the compilation of the 2018/19 MTREF:

- An energy savings fund has been set up as from the 2015/16 electricity tariffs. Two cents per Kilowatt hour is levied on all Enerflex tariffs. Funds made available for this initiative amount to R8.9m in the 2018/19 MTREF;
- No organic growth in the revenue base;
- Revenue cash flow assumes a 98% recovery;

- Capital from own funding (Capital Replacement Reserve and Borrowing) allocated on a prioritized model between Functions using asset values and Income generating ability;
- The budget now carries the total depreciation costs for all municipal assets. This process has taken six financial years to phase in.
- The basket of municipal services tariffs collectively has been kept below 7%.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Repairs and Maintenance provisions reach the best practice parameters of 8% of Asset Cost and 13% of Operating Expenditure target; and
- Road Resealing of urban roads which historically has been treated as an operating expense is from the 2018/19 MTREF treated as a capital expense funded from the Capital Replacement Reserve. It has also been increased by 80%.

National Treasury's MFMA Circular No. 89 and 91 were used to guide the compilation of the 2018/19 MTREF.

Following the tabling of the MTREF, National Treasury will review and make comments on the Tabled budget. This assists the Municipality in ensuring quality when preparing the budget in terms of the MFMA. As indicated in the MFMA Budget Circular no. 86, this review was scheduled for 16th May 2018.

National Treasury will normally, from a quality perspective, assess the budget against the following three criteria:

- Credibility;
- Relevance; and
- Sustainability.

The 2018/19 MTREF has been compiled with the above in mind to ensure that key observations by National Treasury during their previous reviews of Multi- year Budgets have been taken care of.

Furthermore, National Treasury has evaluated Council as an emerging metro and the following aspects were applied as a measurement tool:

- Financial health
- Service delivery
- Institutional
- Governance

The following are the outcomes of NT's assessment:

Financial health: Excellent

- Funded budget (credible, relevant, sustainable)
- Budgeted surplus doubtful based audit outcome
- Funding mix OK, but loans are excessive
- Revenue growth not credible, review debt impairment
- Long term financial plan should be underpinned LT Growth
- Implement robust revenue enhancement strategy new wards

Service delivery: laying essential foundations

- Challenges with service in newly demarcated wards
- Ingonyama Trust issues impending development
- Implement radical capital investment programme
- Maintain R&M processes and expenditure
- Invest borrowed funds in the right places

Institutional: stable

- Review the city organogram to align with current strategy
- Productive engagements with national and provincial departments and traditional leaders
- Stable municipality over the years irrespective of change in political leadership

Governance: stable

- Active MPAC and Audit Committee
- Good relations with traditional leaders
- Good and stable interface between political and administrative leadership
- Consistent clean audit outcome for the past 5 years

National Treasury assesses the budgets of 17 non-delegated municipalities. For the 2018/19 MTREF, Council was placed **first** under the secondary cities, followed by George Municipality and then Sol Plaatje Municipality.

Arising from the engagement the following **recommendations** or resolutions were proposed:

1. Do an overlay of the maps showing National, provincial, private sector and municipal interventions and investments in the municipal space, especially the catalytic projects;
2. The municipality must implement a capital prioritisation model in order to have a planning LED budget;
3. Spatial development framework well-articulated and in line with provincial and national strategies;
4. Implement robust revenue enhancement strategies in the ITB areas;
5. Review of some clauses in the regulations, if they affect the economy of the City;
6. Treatment of debt impairment and bad debts in the AFS in line with MBRR to be reviewed
7. Increase capital budget on trading services;
8. Set up a meeting between the IUDF team, DTI and the municipality on the issue of the smelter;
9. Resolution of the ownership of the desalination plant between DWS and the municipality. Contact Public Finance and Accountant General regarding the matter;
10. Land invasions Public Works, Rural Development and Transnet is intransigent. Contact Estelle Coetzee of DPW;
11. The issue of ECD issue should be resolved as whether it is a Department of Social Development, Education or municipal function. To notify Wendy's Policy Unit to attend to the issue;
12. Tomorrow 17 May 2018 there will be a telephonic conference to resolve cash flow issue between the CFO and National Treasury; and
13. List of all costs of unfunded mandates (not the self-inflicting ones).

National Treasury's recommendations or resolutions arising from the Benchmark Engagement were responded to by Municipal Manager and the Chief Financial Officer during the engagement. Some of these recommendations will be implemented in the in the 2018/19 financial year.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2018/19 MTREF

Description R thousands	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Operating Revenue	2 773 940	3 054 874	3 240 633	3 473 628
Total Operating Expenditure	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/ (Deficit) for the year	(58 985)	38 377	32 644	31 331
Total Capital Expenditure	570 505	525 161	531 999	550 712
TOTAL OPERATING & CAPITAL BUDGET	3 403 430	3 541 657	3 739 988	4 024 339

Total operating revenue has grown by 10.1 per cent or R280.9 million for the 2018/19 financial year when compared to the 2017/18 Adjusted Budget. For the two outer years, operational revenue will increase by 6.1 and 7.2 per cent respectively, equating to a total revenue growth of R699.7 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year has been appropriated at R3 billion and translates into a budgeted surplus of R38 million (excluding capital grants). When compared to the 2017/18 Adjusted Budget, operational expenditure has grown by 6.5 per cent in the 2018/19 budget and by 6.3 and 7.3 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years remains constant at R 32.6 million and then decreases slightly to R 31.3 million.

The adopted capital budget of R525 million for 2018/19 is 9 per cent less when compared to the 2017/18 Adjusted Budget.

Table 2 Proposed Capital Funding

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funded by:									
National Government	198 133	136 565	125 534	147 305	147 739	147 739	121 374	157 485	168 078
Provincial Government	13 663	85 773	10 365	–	–	–	7 850	8 243	8 655
Transfers recognised - capital	211 796	222 338	141 524	147 305	147 739	147 739	129 224	165 728	176 733
Public contributions & donations	3 628	4 740	1 686	–	–	–	–	–	–
Borrowing	147 302	96 520	204 961	100 000	109 969	109 969	310 000	–	310 000
Internally generated funds	91 647	70 183	159 738	273 950	312 798	312 798	85 937	366 271	63 979
Total Capital Funding	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

The capital programme increases to R 532 million in the 2019/20 financial year and decreases to R 551 million in 2020/21. A portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings of R310 million in 2018/19 of the MTREF.

Borrowing will contribute 59, 0 and 56 per cent of capital expenditure in each of the MTREF years. The balance will be funded from internally generated funds. The repayment of capital and interest (debt services costs) has decreased over the past five years and is forecasted to remain

constant over the MTREF period. It important to note that a significant portion of the current borrowings will be paid up in the 2018/19 financial year.

The following projects for 2018/19 MTREF as indicated in the table below will be funded from borrowing:

Table 3 Proposed Capital Projects Funded from Borrowing

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FUNDING	DRAFT 2018/19	DRAFT 2019/20	DRAFT 2020/21
1	CONSTRUCTION OF SMME RETAIL PARKS (RICHARDS BAY AND ESIKHALENI)	BORROWING	10 000 000	-	-
2	RENOVATION OF VULINDLELA FINANCE OFFICE	BORROWING	4 000 000	-	-
3	RENOVATIONS - NGWELEZANA FINANCE OFFICE	BORROWING	6 000 000	-	-
4	CONSTRUCTION - EMPANGENI FINANCE OFFICE	BORROWING	-	-	15 000 000
5	OFFICE RECONFIGURATIONS	BORROWING	5 000 000	-	5 000 000
6	SCM SECOND FLOOR (INCL FURNITURE AND IT EQUIPMENT)	BORROWING	13 000 000	-	-
7	METERING OF 132KV AND 11KV FEEDERS	BORROWING	-	-	1 907 900
8	NGWELEZANE WATERWORKS 11KV OVERHEAD LINE REPLACEMENT	BORROWING	1 500 000	-	-
9	LV ELECTRICAL NETWORK REFUBISHMENT	BORROWING	3 000 000	-	-
10	132KV STRUCTURES /PYLONS REFURBISHMENT	BORROWING	5 000 000	-	-
11	MV ELECTRICAL NETWORK REFUBISHMENT	BORROWING	4 089 000	-	2 000 000
12	DC SYSTEM REPLACEMENT	BORROWING	-	-	3 360 000
13	132kv OVERHEAD LINE REFURBISHMENT	BORROWING	5 000 000	-	-
14	11kv FORMALHAULT SWITCHING SWITCHGEAR REPLACEMENT	BORROWING	12 000 000	-	-
15	132 kV STATION REFURBISHMENT	BORROWING	8 300 000	-	-
16	11kv LOKOZA SWITCHING SWITCHGEAR REPLACEMENT	BORROWING	-	-	10 000 000
17	ARIES 11 kV SWITCH STATION - SWITCHGEAR REPLACEMENT	BORROWING	-	-	5 000 000
18	POLARIS 11kv SWITCHING SWITCHGEAR REPLACEMENT	BORROWING	-	-	10 000 000

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FUNDING	DRAFT 2018/19	DRAFT 2019/20	DRAFT 2020/21
19	AQUADENE DEVELOPMENT	BORROWING	15 000 000	-	-
20	JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	BORROWING	2 000 000	-	3 000 000
21	RTU's REPLACEMENT	BORROWING	-	-	5 000 000
22	EMPANGENI MV ELECTRICAL CABLE NETWORK UPGRADE	BORROWING	-	-	5 000 000
23	QUALITY OF SUPPLY	BORROWING	-	-	2 500 000
24	REPLACEMENT OF 100 ROTTEN POLES	BORROWING	-	-	1 500 000
25	REPLACEMENT OF 100 RUSTED POLES	BORROWING	-	-	1 600 000
26	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	BORROWING	12 000 000	-	15 000 000
27	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	BORROWING	2 000 000	-	4 549 800
28	INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	BORROWING	-	-	5 169 100
29	INSTALLATION OF APN CONNECTIVITY SYSTEM	BORROWING	634 000	-	912 000
30	REPLACEMENT VEHICLES	BORROWING	20 029 000	-	28 779 000
31	3 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S 2X 10 TON TRUCK WITH 20000LTR 1X TLB (4BY4) 1 X 4TON TIPPER TRUCK WITH CRANE (WESTERN DEPOT)	BORROWING	-	-	922 200
32	REFUSE TRUCKS	BORROWING	5 000 000	-	6 000 000
33	1 x 10 TON TIPPER TRUCK	BORROWING	-	-	10 000 000
34	2 X TLB 4 X 4 (URBAN WATER & SANITATION) 1 X 4TON TIPPER TRUCK WITH CRANE 1 X 10 TON TRUCK 4X4 JETTING MACHINE - 4 X 1500 LITRE WATER TANKER 4X4 TRUCK 1 X 3TON 4X4 HONEYSUCKER 4 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S (NORTHERN DEPOT)	BORROWING	-	-	1 500 000
35	FINANCIAL ERP SYSTEM	BORROWING	57 372 000	-	-

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FUNDING	DRAFT 2018/19	DRAFT 2019/20	DRAFT 2020/21
36	RADIO INFRASTRUCTURE UPGRADE	BORROWING	-	-	2 000 000
37	NEW & REPLACEMENT OF IT RELATED EQUIPMENT	BORROWING	4 182 000	-	4 000 000
38	PUBLIC WIFI	BORROWING	2 700 000	-	5 000 000
39	WATER QUALITY EQUIPMENT (SOFTWARE)	BORROWING	-	-	2 000 000
40	PORT DURNFORD UPGRADE: SUPPLY & MAINTENANCE OF SHARK NETS	BORROWING	2 000 500	-	-
41	AQUADENE BULK SERVICES (ROADS & STORMWATER)	BORROWING	18 253 500	-	-
42	CONSTRUCTION OF STEEL BRIDGE	BORROWING	7 000 000	-	5 000 000
43	ROADS RESEALING	BORROWING	38 200 000	-	41 300 000
44	ESIKHALENI INTERSECTION	BORROWING	9 240 000	-	15 000 000
45	SUSTAINABLE RURAL ROADS	BORROWING	10 000 000	-	10 000 000
46	DOUBLING OF EAST CENTRAL ARTERIAL	BORROWING	-	-	10 000 000
47	CONSTRUCTION OF SPORTS FIELD	BORROWING	-	-	5 500 000
48	UPGRADING OF MS 2 PUMP STATION CAPACITY	BORROWING	2 000 000	-	3 000 000
49	UPGRADING OF BIRDSWOOD PUMP STATION CAPACITY	BORROWING	2 000 000	-	-
50	UPGRADE OF MS9 PUMP STATION CAPACITY	BORROWING	500 000	-	1 500 000
51	REPLACEMENT OF PUMPS	BORROWING	-	-	2 000 000
52	VELDENVLEI PUMP STATION	BORROWING	2 000 000	-	6 700 000

NO	DETAILED PROJECT DESCRIPTION (QUANTITY & LOCATION - OUTPUTS & OUTCOMES)	FUNDING	DRAFT 2018/19	DRAFT 2019/20	DRAFT 2020/21
53	UPGRADE - VULINDLELA SEWER PIPELINE	BORROWING	-	-	2 000 000
54	WASTE WATER MANAGEMENT (SANITATION) PROJECTS	BORROWING	5 000 000	-	13 000 000
55	MEERENSEE - GARRICK RISE SEWER LINE REPLACEMENT 450MM	BORROWING	-	-	2 000 000
56	WATER QUALITY EQUIPMENT	BORROWING	300 000	-	3 000 000
57	200 JOJO TANKS	BORROWING	600 000	-	-
58	WATER LOSS AND DROUGHT RELIEF PROJECT	BORROWING	500 000	-	300 000
59	WATER PROJECTS	BORROWING	-	-	7 000 000
60	NTAMBANANA WATER PROJECTS	BORROWING	12 000 000	-	8 000 000
61	BULK MASTER PLAN	BORROWING	1 000 000	-	-
62	CONSTRUCTION OF A SECOND MEERENSEE RESERVOIR (20MI)	BORROWING	-	-	5 000 000
63	CONSTRUCTION OF A FOURTH ESIKHALENI RESERVOIR	BORROWING	800 000	-	4 000 000
64	EMPEMBENI RESERVOIR	BORROWING	800 000	-	6 000 000
65	NEW WATER METERS	BORROWING	-	-	3 000 000
TOTAL CAPITAL BUDGET			310 000 000	-	310 000 000

1.4 Municipal Standard Chart of Accounts (mSCOA)

Background

As Council is aware this Municipality is performing a pilot exercise for the National Treasury on the new Municipal Standard Chart of Accounts. Such are governed by regulations which will become effective Nation-wide on 1 July 2017.

In short the change is resulting in some positive business reforms:

1. Ensuring a more consistent reporting of financial transactions across all municipalities in South Africa; and
2. Ensuring that municipalities can budget per objective or project based, not on items or products. This entire budget is now Project Based in terms of the mSCOA regulations

Although the Finance officials have a firm understanding of mSCOA, here are many challenges at this stage, however most relate to the effect the new chart has on its existing business processes, adapting the existing System Process's and changing the Administrations mind-set.

Governance and Change Management:

- Both the Executive and Senior Management are supporting the initiative which greatly assists the rolling out of the project.
- Reporting continues on a monthly basis both to Council and the National Treasury.
- As at the end of March 2018, we are found to be 100% compliant with the National Treasury's MSCOA data upload and validation criteria. This is a great achievement.

Primary Challenges:

- Due to the unexpected time taken in developing the financial system whilst in the live environment, the Finance Team has spent a lot more time than expected in ensuring transaction integrity, than the Team should have in reviewing the mSCOA structure itself. The National Treasury has a very structured "Questions and Answers platform which the Technical members of the Finance Team are not interrogating /exploiting sufficiently;
- In the absence of a mSCOA Budget module within the current system, it is extremely difficult for the Finance budget staff to put together the 2018/19 MTREF in the format that the National Treasury requires. The finance officials are cautiously confident that, by end of June 2018, with the dependency on the successful implementation of the new ERP system the budget will be compiled in a more automated format as required by mSCOA;
- Some critical processes are only working partial:
 - Discount facility;
 - Retentions;
 - Cessions;
 - Costing module;

- Project based accounting and budgeting;
- Management Accounting;
- Payroll interface/link to the General Ledger; and
- Billing interface /link to the General Ledger.

Given that the Municipality is pursuing a complete Enterprise Resource Planning solution, it was felt not be prudent to pursue these uncommission modules at this stage and put 100% energy into the ERP solution.

1.5 Procurement and supply chain management reform

Council to continue with its Local Economic Development mandate of Supply Chain Management Objective Criteria in terms of the Preferential Procurement Policy Framework Act of 2000, clause “2(1)(f). *the contract must be awarded to the tenderer who scores the highest points, unless objective criteria in addition to those contemplated in paragraphs (d) and (e) justify the award to another tenderer.* As supported by Preferential Procurement Regulations of 2017.

Council would endeavour to continue to prioritise local suppliers based on the categories as stipulated in the Preferential Procurement Regulations of 2017.

Based on the previous year's procurement spent of 2016/17 of R1 656 244 891.31, billion as illustrated on table below:

Annual SCM Spending 2016/2017								
Categories	Q1	Q2	Q3	Q4	TOTAL		HDI	% Achieved
Total SCM Spend	R250 204 810,96	R247 611 710,68	R529 645 347,22	R628 783 022,46	R1 656 244 891,31			
State owned	R106 469 508,40	R 74 308 241,30	R 312 084 494,20	R291 245 890,99	R 784 108 134,89			
Total spend excl state owned	R143 735 302,56	R173 303 469,38	R 217 560 853,02	R337 537 131,46	R 872 136 756,42	40.00%	R 348 854 702.57	
Local	R111 632 586,04	R129 225 113,23	R 138 073 535,07	R172 646 664,21	R 551 577 898,56			63.24%
Black	R 85 792 849,73	R123 923 702,26	R 107 550 980,68	R142 938 039,67	R 460 205 572,33			83.43%
Women	R 54 545 873,83	R 77 719 395,99	R 29 721 288,88	R 82 388 147,77	R 244 374 706,48	40.00%	R 139 541 881.03	175.13%
Youth	R 33 004 115,01	R 28 606 917,53	R 34 431 994,96	R 35 568 899,64	R 131 611 927,14	40.00%	R 139 541 881.03	94.32%
Disabled	-	R 0.00	R 420 591,50	R 184 833,81	R 605 425,31	20.00%	R 69 770 940.51	0.87%

Council would continue to support SMMEs from the marginalised communities and give support for access to capital and building capacity.

1.6 Operating Revenue Framework

The City of uMhlathuze requires sustainable revenue streams in order to improve the lives of its citizens. The City must continuously review revenue management processes to ensure that revenue is protected and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investment opportunities that will accelerate economic growth in the city.

South Africa slipped into a recession after its gross domestic product (GDP) declined to 0.7% during the first quarter of 2017.

Economic activity contracted over a wide range of sectors, including construction, manufacturing and transport. Only mining and agriculture made a positive contribution to output growth. **(Source – Mail & Guardian, SA in Recession, June 2017).**

This has negatively impacted on the local industries around the city, evidenced by one of the key customers having to cease its production operations in 2017 due to economic pressure which has resulted in job losses for local residents.

This has ultimately affected the city in having to adjust projected revenue downwards as well as the consequence of increased number of days in the recovery of outstanding debt from consumers as they face hard economic down turns.

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019, and 2.1 per cent in 2020. **(Source - NT 2018/19 Budget Circular No. 91 – Annexure L2 – DMS 1263389).**

2018/19 will be a tough year to business and consumers as VAT has increased for the first time since 1993 **(Source – 2018 Budget Speech, NT)**, which has prompted an increase in all necessities (food, insurances etc.) which takes more from the consumers' pocket.

In light of the above, revenue was prepared taking into cognisance the constrained economy which compels projected revenue growth to be more consecutive and to minimise the impact on lower income households.

In 2018/19 the City will be applying Tariff of Charges (TOC) for water trading service to drought level three until the weather conditions have stabilised.

The city is in the process of reviewing its revenue enhancement strategy that was approved in 2013 by having a full review of amongst other things, meter audits; unlocking geographical area potential and strengthening the gaps in the revenue value chain. A positive outcome of the exercise is envisaged which will assist towards improving the stagnant revenue which will attribute towards the sustainability of the city.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure an above 96 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service this had to be adjusted to cater for affordable tariffs;

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and
- Increase ability to extend new services and recover costs where economically possible;
- The municipality's Indigent Policy and rendering of free basic services and subsidized services to both the destitute and poor consumers.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 4 Summary of revenue classified by main revenue source

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source									
Property rates	336 507	371 074	397 694	452 872	445 589	445 589	474 453	501 849	531 960
Service charges - electricity revenue	1 342 514	1 330 889	1 515 882	1 535 234	1 378 874	1 378 874	1 579 530	1 671 088	1 787 953
Service charges - water revenue	195 306	235 785	336 986	309 064	310 516	310 516	337 842	357 411	386 049
Service charges - sanitation revenue	75 579	79 788	82 058	92 006	93 197	93 197	99 625	105 398	111 722
Service charges - refuse revenue	61 671	68 478	73 883	76 575	94 737	94 737	80 372	85 029	89 955
Rental of facilities and equipment	9 471	9 024	8 301	8 008	8 008	8 008	8 449	8 871	9 347
Interest earned - external investments	27 558	32 411	60 875	40 000	50 059	50 059	55 000	58 000	60 000
Interest earned - outstanding debtors	1 659	2 221	3 212	3 171	3 221	3 221	3 398	3 568	3 782
Fines, penalties and forfeits	56 700	14 461	17 190	4 392	3 542	3 542	4 087	4 292	4 506
Licences and permits	1 601	3 305	3 701	3 609	3 609	3 609	3 808	3 998	4 198
Agency services	6 726	6 250	6 595	7 390	7 390	7 390	7 797	8 186	8 677
Transfers and subsidies	245 789	270 170	284 193	326 359	328 710	328 710	356 638	386 385	426 009
Other revenue	140 107	54 395	112 276	36 759	46 488	46 488	43 875	46 558	49 470
Gains on disposal of PPE	21 371	15 553	1 368	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)	2 522 558	2 493 803	2 904 214	2 895 441	2 773 941	2 773 941	3 054 874	3 240 633	3 473 628

Table 5 Percentage proportion in revenue by main revenue source

Description R thousand	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Revenue By Source								
Property rates	445 589	16.1%	474 453	15.5%	501 849	15.5%	531 960	15.3%
Service charges - electricity revenue	1 378 874	49.7%	1 579 530	51.7%	1 671 088	51.6%	1 787 953	51.5%
Service charges - water revenue	310 516	11.2%	337 842	11.1%	357 411	11.0%	386 049	11.1%
Service charges - sanitation revenue	93 197	3.4%	99 625	3.3%	105 398	3.3%	111 722	3.2%
Service charges - refuse revenue	94 737	3.4%	80 372	2.6%	85 029	2.6%	89 955	2.6%
Rental of facilities and equipment	8 008	0.3%	8 449	0.3%	8 871	0.3%	9 347	0.3%
Interest earned - external investments	50 059	1.8%	55 000	1.8%	58 000	1.8%	60 000	1.7%
Interest earned - outstanding debtors	3 221	0.1%	3 398	0.1%	3 568	0.1%	3 782	0.1%
Fines, penalties and forfeits	3 542	0.1%	4 087	0.1%	4 292	0.1%	4 506	0.1%
Licences and permits	3 609	0.1%	3 808	0.1%	3 998	0.1%	4 198	0.1%
Agency services	7 390	0.3%	7 797	0.3%	8 186	0.3%	8 677	0.2%
Transfers and subsidies	328 710	11.8%	356 638	11.7%	386 385	11.9%	426 009	12.3%
Other revenue	46 488	1.7%	43 875	1.4%	46 558	1.4%	49 470	1.4%
Total Revenue (excluding capital transfers and contributions)	2 773 941	100%	3 054 874	100%	3 240 633	100%	3 473 628	100%
Total revenue from rates and service charges	2 322 914	83.7%	2 571 823	84.2%	2 720 775	84.0%	2 907 638	83.7%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. The municipality will continue to significantly generate its own revenue and will only depend on the operational transfers to the equivalent of 11.7 per cent.

Rates and service charges revenue comprise of 84.2 per cent of total operating revenue mix. In 2017/18, revenue from rates and service charges totalled R2.3 billion and is projected to increase to R2.6 billion in 2018/19 and steadily increase to R2.7 billion and R2.9 billion in 2019/20 and 2020/21 respectively.

Electricity service charges are the largest contributor towards municipal revenue in terms of turnover amounting to an average of 52 per cent over the MTREF. However, it needs to be noted that the actual revenue contributed by Electricity Service to municipal service delivery is the gross profit of Electricity Turnover less Bulk purchase cost this amounts to R 897 million in the 2018/19 financial year. Details in this regard are contained in Table 75 MBRR SA1 (see pages 197 to 202).

The second largest revenue source in the City is Property rates at a constant 15.5 per cent over the MTREF. The municipality is still prejudiced by the Traditional Authorities not yet forming part of the MPRA while geographically representing 47 per cent of the municipal jurisdiction.

The City has developmental projects in the pipeline to boost the property rates base of the City, The Ridge Estate Project, Relocation of Richards Bay Airport project, Richards Bay IDZ Phase 1F development and Richards Bay Waterfront development. All these projects are expected to inject a significant amount of revenue through property rates levies and service charges.

The municipality is significantly dependent on electricity to cross subsidise Rates and General services. The revenue from Property Rates however has closed the gap and almost equals the gross profit that is made by the electricity trading service. This in essence now places the municipality in a better position towards sustainability as every rand raised in the rates and general environment contributes more than the rand earned in sales of a service mainly because one is exchange revenue while the other is non-exchange revenue.

The trading service water is the third largest revenue, contributing 11 per cent towards the total revenue projected at R337 million in 2018/19. The severe drought in the country has resulted in lower patterns of consumptions by both the households and industries in the area. The challenge here is that based on the fact that the bulk of the costs are fixed, the Water Service which is a trading service and meant to be making a surplus is now making a deficit.

Operating grants and transfers totals R357 million in the 2018/19 financial year, steadily increases to R386 million in 2019/20 and to R426 million in 2020/21. Local Government Equitable Share will grow at an average annual rate of above 10 percent over the MTREF; this is as a result of funds that will be added in 2019/20 and 2020/21 to rising costs of providing free basic services to the growing number of indigent households. This covers the likely above-inflation increases in the costs of bulk water and electricity. This also allows for faster increases in the allocations to poorer and rural municipalities through the redistributive components of the equitable share formula.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 6 Operating Transfers and Grant Receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:									
Operating Transfers and Grants									
National Government:	220 120	245 591	275 248	314 163	316 514	316 514	344 324	373 410	411 236
Local Government Equitable Share	204 800	229 925	251 497	292 009	292 009	292 009	326 255	360 419	397 687
Finance Management	1 600	1 600	2 537	2 650	2 531	2 531	2 650	2 650	2 650
Municipal Systems Improvement	930	930	–	–	–	–	–	–	–
Water Services Operating Subsidy	–	–	–	–	–	–	–	–	–
EPWP Incentive	1 896	2 961	5 055	4 143	4 143	4 143	5 189	–	–
Project Management Unit	2 904	2 675	3 344	5 437	5 437	5 437	5 230	5 341	5 649
Infrastructure Skills Development Grant	8 000	7 500	6 500	6 500	6 185	6 185	5 000	5 000	5 250
Municipal Demarcation Transitional Grant	–	–	6 314	3 424	6 209	6 209	–	–	–
Other transfers/grants (Youth Awareness Day)	(10)	–	–	–	–	–	–	–	–
Provincial Government:	18 557	11 929	10 017	12 196	12 196	12 196	12 314	12 975	14 773
Museums	151	166	175	183	183	183	192	202	214
Provincialisation of Libraries	6 080	6 789	7 506	7 881	7 881	7 881	8 275	8 689	9 123
Libraries	756	1 020	1 432	1 504	1 504	1 504	1 576	1 688	1 808
Housing	3 584	3 829	904	2 628	2 628	2 628	2 213	2 396	2 628
Primary Health	5 965	–	–	–	–	–	–	–	–
Enhanced Extended Discount Benefit Scheme	21	25	–	–	–	–	–	–	–
Urban Development Framework Plan Tourism Deve	1 000	–	–	–	–	–	–	–	–
Municipal Excellence Awards	1 000	–	–	–	–	–	–	–	–
Cleanest Town Awards	–	100	–	–	–	–	–	–	–
District Municipality:	–	200	318	–	–	–	–	–	–
Beach Festival	–	200	–	–	–	–	–	–	–
Refuse Removal Grant	–	–	318	–	–	–	–	–	–
Other grant providers:	633	681	319	–	–	–	–	–	–
Umhlathuze Village Beneficiaries Contribution	51	51	26	–	–	–	–	–	–
Absa Bank - Budget Inserts	10	–	–	–	–	–	–	–	–
Saamwu	561	–	–	–	–	–	–	–	–
Youth Awareness Day	10	–	–	–	–	–	–	–	–
Chietla Funding	–	630	199	–	–	–	–	–	–
Absa Bank - SCM Indaba	–	–	5	–	–	–	–	–	–
SM Xulu Chartered Accountants - Strategic Session	–	–	15	–	–	–	–	–	–
EOH Mthombo (Pty) Ltd - Strategic Session	–	–	10	–	–	–	–	–	–
Joat Consulting - Strategic Session	–	–	25	–	–	–	–	–	–
Deloitte La Lucia - Strategic Session	–	–	20	–	–	–	–	–	–
Absa Bank - Strategic Session	–	–	20	–	–	–	–	–	–
Total Operating Transfers and Grants	239 309	258 401	285 902	326 359	328 710	328 710	356 638	386 385	426 009

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the City.

The City has strived to ensure that affordability takes preference over the just achieving the desired income from a tariff increases which would be counterproductive. The level of debt collection for the municipality has remained relatively consistent throughout the years and continuous improvement in this area is continuously sort.

The “traditional area customer base” has a notable outstanding debt increase which has been accumulative over the years. Indigent Support effective from 2017/18 will be rolled out to target those who cannot afford services who meet the requirements of an indigent consumer.

NERSA has approved 6.84 per cent increase for Eskom tariff charges which will result in less costs being transferred to the consumer as the bulk purchases incurred by the municipality will decrease significantly when compared to the previous year’s average increase of 8 per cent on bulk purchases.

Mhlathuze Water bulk tariffs have increase by an average of 11.65 per cent which is far beyond the inflation target of 5.3 per cent. The drought and capital infrastructure planned upgrades by the Water board, has resulted in the tariff hike beyond CPI. This means consumer will continue to pay more on water if water conservations are not applied by the consumers.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

1.6.1 Property Rates

The property rates are levied in accordance with the Municipal Property Rates Act, 2004 (Act No.6 of 2004), (MPRA) and the Local Government Municipal Finance Management Act.

Property rates are based on values indicated in the General Valuation Roll 2013 (GV) and Supplemental valuation 2016 (SV). Effective from July 2018 new general valuation will be conducted with an implementation date of July 2019.

This will ensure that every new property development, improvements to existing properties and changes to property usage and other such influences are correctly processed and filtered to the billing system

Property rates are levied per individual property depending on the property value compared with the valuation of all rateable properties in the municipal area.

Rebates and concessions are granted to certain property categories based on usage or ownership as guided by the MPRA.

Property rates base is expected to increase moderately in 2018/19 MTREF due to housing projects underway and future planned city development projects that will increase the city's rate base.

The following table stipulates the Property Rates Policy exemptions and rebates summary:

Table 7 Property Rates Policy exemptions and rebates

Rates Category	Rebates, Exemptions and reductions
RES	R 15 000 Impermissible to all Developed Residential Properties
	R 105 000 Reduction to all Residential Properties with a value below R 400 000
	R 150 000 Reduction to Pensioners
	Places of Worship Exempted as part of Legislation
BUS	No rebates, exemptions or reductions
	Public Benefit Organisations – Regulated Ratio 1:0,25
	Non-profit organisations – 20% Rebate upon successful application
Agricultural	5% Rebate upon successful application
PBO's	Non-profit organisations – 20% Rebate upon successful application
PSI	30% reduction as per Legislation
Mining	No rebates, exemptions or reductions
Industrial	No rebates, exemptions or reductions
Vacant Land	No rebates, exemptions or reductions

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2018/19 financial year based on a 7 per cent increase from 1 July 2018 is contained below:

Table 8 Comparison of proposed rates to levied for the 2018/19 financial year

Category	Current Tariff (1 July 2017)	Proposed tariff (from 1 July 2018)	Ratio to Residential Tariff
	c	c	
Residential Properties - Private	0.0091	0.0097	1 : 1
Residential Properties - Municipal	0.0091	0.0097	1 : 1
Residential Properties - State	0.0091	0.0097	1 : 1
Business / Commercial - Private	0.0191	0.0204	1 : 2,1
Business / Commercial - Municipal	0.0191	0.0204	1 : 2,1
Business / Commercial - State	0.0191	0.0204	1 : 2,1
Agricultural Properties - Private	0.0022	0.0024	1 : 0,25
Agricultural Properties - Municipal	0.0022	0.0024	1 : 0,25
Agricultural Properties - State	0.0022	0.0024	1 : 0,25
Industrial Properties - Private	0.0199	0.0213	1:2,2
Industrial Properties - Municipal	0.0199	0.0213	1:2,2
Industrial Properties - State	0.0199	0.0213	1:2,2
Mining - Private	0.0209	0.0224	1:2,3
Mining - Municipal	0.0209	0.0224	1:2,3
Mining - State	0.0209	0.0224	1:2,3
Public Service Purposes (State Owned)	0.0105	0.0112	1:1,1
Vacant Land - Private	0.0160	0.0171	1: 2
Vacant Land - Municipal	0.0160	0.0171	1: 2
Vacant Land - State	0.0160	0.0171	1: 2
Public Service Infrastructure - Private	0.0022	0.0024	1:0,25
Public Service Infrastructure - Municipal	0.0022	0.0024	1:0,25
Public Service Infrastructure - State	0.0022	0.0024	1:0,25
Public Benefit Organisations	0.0022	0.0024	1:0,25
Municipal Properties	0.0091	0.0097	1 : 1

1.6.2 Sale of Water and Impact of Tariff Increases

The resource scarcity on water due to drought that has hit the entire country is a challenge in the municipal revenue stream. It is therefore expected that due to changes in the consumption patterns downwards by consumers, revenue budgeted to be generated will also be downsized over the MTREF. The resource scarcity in water has had a direct impact on escalated input cost far beyond the inflation forecast of 5.3 per cent (**Source - NT 2018/19 Budget Circular No. 91 – Annexure L2 – DMS 1263389**).

The traditional areas are the second challenge in terms of recovering the service provided in these arrears. The majority of the outstanding consumer debt is owed by the consumers from the traditional arrears for water consumed.

The City has took a decision to find alternative ways in recovering the ever increasing debt in traditional areas and the concept of introducing an alternative way in billing these consumers for water consumption is being investigated and may lead towards a decision of replacing all conventional water meters into Pre-Paid water meters in 2019/20 financial year.

In line with the initiative to ensure that residents pay for water and as the revenue enhancement strategy, the city has applied a targeted approach where the 6 kilolitre is provided to consumers who only use not more than 6 kl over 30 days period.

Indigent support policy was reviewed and approved in 2017 and the indigent support has been extended to consumers under the traditional authority which has assisted towards only billing consumers who can afford to pay for services.

The City chose a moderate course between offering affordable tariffs to the consumer and cost reflective tariffs for the 2018/19 MTREF. Currently Water services Function is operating at a loss due to high input costs which were attributed by high bulk tariff charges from uMhlathuze Water Board.

In light of the current drought experienced in the city, water tariffs are punitive and the penalty tariffs are incorporated in the Inclining Block Tariff (IBT) structure. Due to the climatic conditions, the city will continue to institute water restrictions as guided by the department of Water Affairs.

The restrictions are as follows as per department of Water Affairs recommendation:

Category	Level one Restrictions	Level two Restrictions	Level three Restrictions	Level four Restrictions
Industries	5%	10%	15%	15%
Domestic Use	10%	20%	30%	60%
Agricultural Use	50%	60%	70%	90%

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 9 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2017/18	PROPOSED TARIFFS 2018/19
	Rand per kℓ	Rand per kℓ
RESIDENTIAL	Prices excluding VAT	Prices excluding VAT
0 - 0.2 kℓ per day (0 - 6 kℓ)	0	0
0 - 0.2 kℓ per day (0 - 6 kℓ)	4,2981	4,5990
0.2 - 0.5 kℓ per day (7 - 15 kℓ)	5,1577	5,5187
0.5 - 1.0 kℓ per day (16 - 30 kℓ)	12,0738	12,9190
1.0 - 2.0 kℓ per day (31 - 60 kℓ)	15,9997	17,1197
2 and above kℓ per day (60+ kℓ)	20,8685	22,3293
NON-RESIDENTIAL		
0,0 - 0,5 kℓ per day	9,4575	10,1195
0,5 - 1,0 kℓ per day	13,7913	14,7567
1,0 - 2,0 kℓ per day	16,2875	17,4276
above 2,0 kℓ per day	16,0884	17,2146

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 10 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount 2017/18 Payable R	Proposed amount 2018/19 payable R	Difference (Increase) R	Percentage change
20	241,48	258,38	16,90	7%
30	362,21	387,57	25,36	7%
40	639,99	684,79	44,80	7%
50	799,99	855,99	56,00	7%
80	1 669,48	1 786,34	116,86	7%
100	2 086,85	2 232,93	146,08	7%

1.6.3 Sale of Electricity and Impact of Tariff Increases

The electricity tariff increases which the City has applied as per NERSA tariff guideline for 2018/19 have an increase of 6.84 per cent effective from the 1st of July 2018.

Registered indigents will again be granted 50 kWh per month.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 11 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current amount 2017/18 payable R	Proposed amount 2018/19 payable R	Difference (Increase) R	Percentage change
100	109,10	114,68	5,58	5,11%
250	272,75	286,70	13,95	5,11%
500	765,25	809,25	44,00	5,75%
750	1 198,50	1 268,25	69,75	5,82%
1 000	1 598,00	1 691,00	93,00	5,82%
2 000	3 631,60	3 849,40	217,80	6,00%

The municipality implements the inclining block tariff and this stepped tariff structure has a higher tariff as customer consumption increases. The aim is to subsidise the lower consumption users (mostly the poor) and to use the benchmark as provided by NERSA. The City has been implementing this inclining block tariff for the past three years and it causes an increase in the volumes of sales to be experienced during the first days of the month when the tariffs are in their first scale for prepaid customers. The municipality has opened third party channels to ensure convenience to those customers who wish to not be inconvenienced by long queues during these peak times.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. Most of the suburbs and inner city reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Electrical Supply Services strives to provide sustainable and cost effective networks to support the forecast load growth. This is achieved by providing network-strengthening investment decisions to ensure network integrity and to maintain quality of supply criteria during normal and abnormal network configurations.

The City requires an estimated funding of R600 million over the MTREF for infrastructure asset upgrades and renewals to minimise the risk of revenue losses as a result of network or plant failure. It will also minimize the cost associated with loss of supply and injury or death to the public. Department of Energy and DBSA have been approached to assist with the funding in some of the critical projects identified as per council report **RPT 153971**.

The capital requirement mentioned above cannot be funded through municipal tariffs alone. Funding these necessary upgrades and renewals through increases in the municipal electricity tariff would be unaffordable for the consumers; hence, additional loans are necessary to fund the critical municipal infrastructure renewals.

1.6.4 Sanitation and Impact of Tariff Increases

A tariff increase of 7 per cent for sanitation from 1 July 2018 is proposed. This is based on the input cost assumptions related to water. Properties below the market value of R120 000 are not charged for sewerage discharged.

The following table compares the current and proposed tariffs:

Table 12 Comparison between current sanitation charges and increases

Tariff Code	Detail	2017/18		2018/19		%
		Excl VAT	Incl VAT	Excl VAT	Incl VAT	
SN	Rebate = 100%	(8,26)	(9,42)	(8,83)	(10,15)	7,00
	Valuation of Residential property value < R 120 000					
SO	Rebate = 25%	(2,07)	(2,36)	(2,21)	(2,54)	7,00
	Valuation of Residential property value R 120 001 to R 170 000					
IA	Rebate = 25%	8,26	9,42	8,83	10,15	7,00
	Valuation of Residential property value R 170 001 and above per kℓ as per bylaw					

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 13 Comparison between current sanitation charges and increases, single dwelling-houses

Monthly sanitation consumption kℓ	Current amount 2017/18 Payable R	Proposed amount 2018/19 payable R	Difference (7% increase) R
20	165,20	176,60	11,40

Refer to the comprehensive Tariff of Charges contained on **Annexure C (DMS 1279709)** for residential, business and undeveloped sites tariffs.

1.6.5 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating marginally below break-even and is currently being subsidised by the Equitable Share Grant over the MTREF. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

The surplus will be maintained over MTREF. The City implemented a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

The waste removal is proposed to increase by 8 per cent effective from July 2018. The increase is due to having to extend the service to extra wards taken after the dissolution of Ntambanana Municipality in August 2016. Ntambanana is significantly rural and the consumer base is largely indigent.

The following table compares current and proposed amounts payable from 1 July 2018:

Table 14 Comparison between current waste removal fees and increases

Tariff Code	Detail	2017/18		2018/19		%
		Excl VAT	Incl VAT	Excl VAT	Incl VAT	
RK	Rebate = 100%	119,71 – 100% = 0,00	136,47 – 100% = 0,00	129,29 – 100% = 0,00	148,68 – 100% = 0,00	0%
	Refuse valuation sliding scale, Residential property value < R 120 000					
RL	Rebate = 25%	119,71 – 25% = 89,78	136,47 – 25% = 102,34	129,86 – 25% = 97,40	148,68 – 25% = 111,51	8%
	Refuse valuation sliding scale Residential property value R 120 001 to R 170 000 for					
IA	Refuse valuation sliding scale Residential property value R 170 001 – R 400 000	119,71	136,47	129,29	148,68	8%
IA	Refuse valuation sliding scale Residential property value R 400 001 – R 600 000	120,24	137,07	129,86	149,34	8%
IA	Refuse valuation sliding scale Residential property value R 600 001 – R 800 000	120,77	137,68	130,43	149,99	8%
IA	Refuse valuation sliding scale Residential property value R 800 001 – R 1 000 000	121,83	138,89	131,01	150,66	8%
IA	Refuse valuation sliding scale Residential property value R 1 000 001 – R 1 500 000	121,83	138,89	131,58	151,32	8%
IA	Refuse valuation sliding scale Residential property value R 1 500 001 and above	122,35	139,48	132,14	151,96	8%
RM	Residential – Basic Tariff	119,71	136,47	129,29	148,68	8%

1.6.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a medium and an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to 7 per cent including indigent households, excluding electricity tariffs.

Middle income household range is defined as:

- *property value of R700 000;*
- *1 000 kWh electricity; and*
- *30kl water.*

Affordable household range is defined as:

- *property value of R500 000;*
- *500 kWh electricity; and*
- *25kl water*

Indigent household is defined as:

- property value of R 300 000;
- 350 kWh electricity; and
- 20kl water (50 kWh electricity and 6 kl water free).

Table 15 MBRR SA14 – Household bills

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	411.57	445.25	473.79	521.17	521.17	521.17	6.6%	555.82	583.61	612.79
Electricity: Consumption	1 119.06	1 274.06	1 366.66	1 391.85	1 391.85	1 391.85	5.6%	1 470.10	1 543.61	1 620.79
Water: Basic levy	14.91	17.54	18.60	20.27	20.27	20.27	7.0%	21.69	22.77	23.91
Water: Consumption	151.39	219.24	232.40	253.31	253.31	253.31	7.0%	271.05	284.60	298.83
Sanitation	134.80	145.60	154.40	165.20	165.20	165.20	7.0%	176.76	185.60	194.88
Refuse removal	98.59	106.48	112.87	120.77	120.77	120.77	8.0%	130.43	136.95	143.80
sub-total	1 930.32	2 208.17	2 358.72	2 472.57	2 472.57	2 472.57	6.2%	2 625.85	2 757.14	2 895.00
VAT on Services	212.63	246.81	263.89	273.20	273.20	273.20		310.50	326.03	342.33
Total large household bill:	2 142.95	2 454.98	2 622.61	2 745.77	2 745.77	2 745.77	6.9%	2 936.35	3 083.17	3 237.33
% increase/-decrease		14.6%	6.8%	4.7%	-	-	6.9%	5.0%	5.0%	
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	291.40	315.25	335.46	369.00	369.00	369.00	6.7%	393.54	413.21	433.87
Electricity: Consumption	617.66	689.46	739.10	752.65	752.65	752.65	5.5%	793.70	833.39	875.05
Water: Basic levy	14.91	17.54	18.60	20.27	20.27	20.27	7.0%	21.69	22.77	23.91
Water: Consumption	114.07	167.00	177.01	192.95	192.95	192.95	7.0%	206.45	216.77	227.61
Sanitation	134.80	145.60	154.40	165.20	165.20	165.20	7.0%	176.76	185.60	194.88
Refuse removal	98.16	106.01	112.37	120.24	120.24	120.27	8.0%	129.86	136.35	143.17
sub-total	1 271.00	1 440.86	1 536.94	1 620.31	1 620.31	1 620.34	6.3%	1 722.00	1 808.09	1 898.49
VAT on Services	137.14	157.59	168.21	175.18	175.18	175.18		199.27	209.23	219.70
Total small household bill:	1 408.14	1 598.45	1 705.15	1 795.49	1 795.49	1 795.52	7.0%	1 921.27	2 017.32	2 118.19
% increase/-decrease		13.5%	6.7%	5.3%	-	0.0%	7.0%	5.0%	5.0%	
Monthly Account for Household - 'Indigent'										
Household receiving free basic services										
Rates and services charges:										
Property rates	114.16	123.50	131.42	144.56	144.56	144.56	6.6%	154.17	161.88	169.97
Electricity: Consumption	9.35	9.99	10.72	10.91	10.91	10.91	5.1%	11.47	12.04	12.64
Water: Basic levy	14.91	17.54	18.60	20.27	20.27	20.27	7.0%	21.69	22.77	23.91
Water: Consumption	66.96	92.43	97.97	106.79	106.79	106.79	7.0%	114.26	119.98	125.98
Sanitation	134.80	145.60	154.40	165.20	165.20	165.20	7.0%	176.76	185.60	194.88
Refuse removal	97.73	105.55	111.88	119.71	119.71	119.71	8.0%	129.29	135.75	142.54
sub-total	437.91	494.61	524.99	567.44	567.44	567.44	7.1%	607.64	638.02	669.92
VAT on Services	45.33	51.96	55.10	59.20	59.20	59.20		68.05	71.45	75.03
Total small household bill:	483.24	546.57	580.09	626.64	626.64	626.64	7.8%	675.69	709.47	744.95
% increase/-decrease		13.1%	6.1%	8.0%	-	-	7.8%	5.0%	5.0%	

1.7 Operating Expenditure Framework

The City's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- Given that one of the primary drivers of this budget is to keep tariff increases with the inflationary envelope of 6 per cent, expenditure allocations in excess of the 2017/18 Adjustments budget are very limited;
- Despite the above restriction the Chief Financial Officer has ensured that Repairs and Maintenance provisions are within best practice parameters of 8 per cent of Asset Cost and 13 per cent of Operating Expenditure. The weakness here however is that there is no Municipal wide asset repairs and maintenance plan. Repairs and Maintenance is done in silo's hence it lacks in synergistic benefit of ensuring budget allocations are used efficiently and effectively;
- Related to the above weakness the capital programme carries the risk of not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;
- Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of "no project plan no budget". If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2018/19 MTREF (classified per main type of operating expenditure):

Table 16 Summary of operating expenditure by standard classification item

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type									
Employee related costs	598 426	635 594	644 245	728 269	716 066	716 066	812 123	881 891	964 278
Remuneration of councillors	22 622	23 891	25 542	29 147	29 533	29 533	31 881	34 273	36 845
Debt impairment	78 710	36 646	8 891	26 388	26 388	26 388	26 513	28 103	29 790
Depreciation & asset impairment	339 935	351 346	352 389	376 848	376 848	376 848	376 066	408 532	446 488
Finance charges	71 171	58 694	68 940	73 401	73 401	73 401	67 884	70 846	79 421
Bulk purchases	1 078 917	1 025 277	1 173 350	1 041 774	933 178	933 178	1 000 945	1 041 966	1 101 044
Other materials	156 862	103 488	97 320	103 441	103 521	103 521	114 233	121 087	127 746
Contracted services	98 665	228 681	298 686	290 761	295 182	295 182	312 731	331 867	351 554
Transfers and subsidies	4 357	18 149	9 319	11 729	12 161	12 161	12 534	13 286	14 016
Other expenditure	138 791	112 555	154 209	200 987	266 647	266 647	261 588	276 140	291 116
Loss on disposal of PPE	315	2 296	1 296	-	-	-	-	-	-
Total Expenditure	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297

The budgeted allocation for **employee related costs** for the 2018/19 financial year totals R 812 million, which equals 27 per cent of the total operating expenditure. The Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018 has come to an end. In terms of MFMA Circular no. 91, National Treasury has received no guidance from the South African Local Government Bargaining Council regarding the increases that municipalities need to budget for.

However, Council has budgeted for a 7 per cent for the 2018/19 financial year. An annual increase of 7.5 and 7.5 per cent has been included in the two outer years of the MTREF.

The challenge with the organizational structure is that it is designed for that of an aspirant metro and hence has many vacancies (R155m worth) which cannot be filled as there is no

corresponding increase in the economy i.e. in the tax base. Consequently the associated risk is that there may be many organizational and municipal service delivery activities, which pre-structuring were performed by one official and with the current vacuum of vacancies some of those functions may now not be performed.

The possible risk in the total Human Resource structure is if one adds both contracted services and employee related costs together, this figure amounts to 37 per cent of the operating budget, which although the 33 per cent norm for local government, does indicate a lack of skills within the Administration and a tendency to outsource.

One of the overriding solutions here is that of a Municipal Grading in the first instance and an organogram suited for such grading for the administration. Since 2000 the structure of the organogram is dictated by the influences of the different Councils over the years and different managers, hence no collectively and best practice structured staff structure. The correct grading will rationalize this anomaly and ensure the trajectory of future posts created and filled is done properly.

A revised wage curve has been received from the South African Local Government Bargaining Council. It is apparent that this revised wage curve will be accepted by both SALGA and the unions and therefore implementation is imminent. A provision of R 10 million has been made in the 2018/19 to implement the revised wage curve. Based on Draft calculations it is expected that the additional annual amount required is closer to R 20 million.

Senior management has agreed therefore that no provision would be made in the 2018/19 and the subsequent two outer years for previously unfunded posts until such time as implementation of the Wage Curve agreement is known.

The cost associated with the **remuneration of councillors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of 7 per cent has been budgeted for the 2018/19 financial year.

The provision of debt impairment was determined based on an annual collection rate of 98 per cent and the Debt Write-off Policy of the City. For the 2018/19 financial year this amount is R31.8 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The accounting requirement of not writing bad debt to the provision but rather depicting an actual expense in the year of the write off may cause the City to review the estimates upwards in line with actual consumer trends at period reviews of the debtors. The amounts budgeted for also do not include the subsequent measure of Traffic fines which was a material impairment with the implementation of iGRAP 1.

Provision for depreciation and asset impairment has been informed by the Municipality's Financial Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R376 million for the 2018/19 financial and equates to 12.6 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges on the budget make up 2.7 per cent (R68 million) of operating expenditure excluding annual redemption.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Mhlathuze Water Board. The annual price increases have been factored into the budget appropriations. Of the R989 million total electricity comprises R 897 million and water R104 million. The expenditure includes distribution losses.

Other materials comprise the purchase, of materials for maintenance. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. The appropriation against this group of expenditure has grown, however further effort will be made in the outer years to increase this appropriation over and above the inflationary boundaries.

Contracted Services has increased by 4 per cent and pressure needs to be placed on the administration to ensure that lesser reliance is placed on contracted services. Contracted services together with Employee Related Costs amount to 37% (27 % + 10%) of total operating cost. There is a direct relationship between the efficiency and effectiveness of personnel versus that of the private sector, with the common fact between both sectors lying with level of management of resources they have at their disposal.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Further details relating to contracted services can be seen in Table 75 MBRR SA1 (see pages 197 to 202).

The following figure gives a breakdown of the main expenditure categories for the 2018/19 financial year.

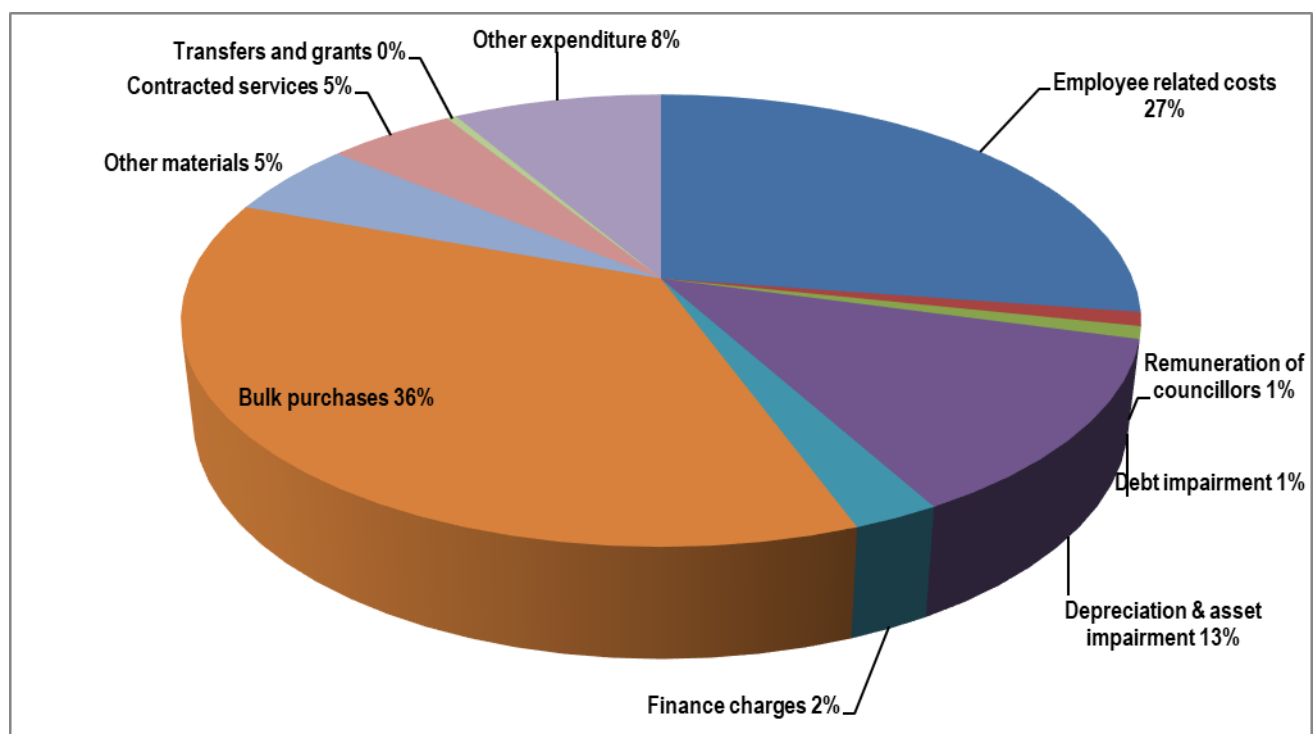


Figure 1 Main operational expenditure categories for the 2018/19 financial year

1.7.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance. The weakness however in this environment is that there is no Municipal wide asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 17 Operational repairs and maintenance

Description	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand				
Repairs and Maintenance by Expenditure Item				
Employee related costs	373 892	431 151	460 231	492 326
Other materials	68 822	77 717	82 381	86 912
Contracted Services	92 428	99 341	105 470	111 504
Total Repairs and Maintenance Expenditure	535 142	608 208	648 082	690 742

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was increased marginally by 13.7 per cent in the 2018/19 financial year, from R 535 million to R 608 million. In relation to the total operating expenditure, **repairs and maintenance** as a percentage of Total operating expenditure comprises the following **21.5; 21.5 and 21.5 per cent** of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of **11.5; 11.8 and 12.3 per cent** of the respective financial years MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 18 Repairs and maintenance per asset class

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	91 872	256 209	247 665	394 413	412 342	412 342	471 241	501 821	534 520
Roads Infrastructure	2 634	70 826	75 976	91 356	89 069	89 069	95 313	100 991	107 545
Storm water Infrastructure	–	8 918	–	30 794	31 441	31 441	38 687	41 203	43 462
Electrical Infrastructure	17 888	45 546	53 744	122 835	142 047	142 047	160 750	172 375	185 012
Water Supply Infrastructure	619	87 402	81 723	91 027	87 790	87 790	105 918	111 337	117 466
Sanitation Infrastructure	51 931	42 223	34 816	54 242	57 969	57 969	65 303	70 329	75 140
Solid Waste Infrastructure	11	–	–	–	–	–	–	–	–
Rail Infrastructure	2 897	–	1 385	1 117	1 117	1 117	1 175	1 246	1 315
Information and Communication Infrastructure	15 892	1 293	21	3 043	2 911	2 911	4 095	4 341	4 579
Community Assets	118 018	69 026	59 882	69 734	69 649	69 649	98 193	104 862	112 136
Other assets	112 722	20 121	25 097	17 663	16 057	16 057	897	985	1 081
Computer Equipment	–	–	–	798	930	930	–	–	–
Furniture and Office Equipment	–	–	–	28	33	33	616	653	689
Machinery and Equipment	17 744	4 449	17 225	17 956	2 428	2 428	1 478	1 567	1 653
Transport Assets	69 177	19 415	29 954	33 705	33 705	33 705	35 784	38 196	40 664
Total Repairs and Maintenance Expenditure	409 534	369 221	379 822	534 296	535 142	535 142	608 208	648 082	690 742
R&M as a % of PPE	8.5%	7.6%	7.3%	10.2%	10.1%	10.1%	11.5%	11.8%	12.3%
R&M as % Operating Expenditure	15.8%	14.2%	13.4%	18.5%	18.9%	18.9%	21.5%	21.5%	21.5%

For the 2018/19 financial year, 77 per cent or R 471 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling at 26 per cent (R 161 million) followed by water infrastructure at 17 per cent (R 106 million), road transport infrastructure at 16 per cent (R 95.3 million) and sanitation at 11 per cent (R65.3 million). Community assets has been allocated R 98 million of total repairs and maintenance equating to 16 per cent. Transport assets has been allocated R 35.7 million (6 per cent).

1.7.2 Free Basic Services: Basic Social Services Package

The social package assists households that are indigent and poor or face other circumstances that limit their ability to pay for services.

The existing relief measures employed for our indigent and poor, handicapped and pension consumer relief are as follows:

- 50 KWH (units) of electricity free for applicants whose usage of electricity amounts to an average of no more than 1 800 units per annum.
- Free water for consumers that consume 200 Litres and less per day for a month **or** the first 6 000 litres of water per month.
- When a consumer use **more** than the 200 Litres per day for a month then they **pay for all water consumed**
- Free rates if property value is less than R120 000.
- Free refuse charge if property is valued less than R120 000.
- Free sewer charge if property is valued less than R 120 000.
- All rural communities have strategically placed refuse skips wherein refuse can be placed free of charge.
- By implication the very nature of property valuation allows rates payable by communities living in less formal area to be minimal.
- Targeted indigent support for very poor and child run households.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 35 MBRR A10 (Basic Service Delivery Measurement) on page 98.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act together with the tiered tariff approach.

It bears noting that the limitation of the Municipal Property Rates Act on Traditional Areas reduces the ability of the Municipality to generate revenue required for the provision of services in general.

The tiered municipal tariffs also provide for an element of cross subsidisation on the tariffs themselves as per the below table:

Table 19 2018/19 Cross subsidisation versus Free Basic Services

Summary

Source	Free	Subsidy	Total
Waste	23 191 530	1 611 771	24 803 301
Sanitation	20 038 544	5 633 249	25 671 793
Rates	0	28 122 952	28 122 952
Rates	0	25 934 526	25 934 526
Water	128 947 784	131 997 067	260 944 851
Electricity	1 172 504	7 555 469	8 727 973
Total	173 350 362	200 855 034	374 205 396

The municipality is receiving equitable share of R 326 million in 2018/19 while the municipal social package is R374.2 million. The municipality uses some of its internally generated funds to bridge the shortfall.

1.8 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 20 2018/19 Medium-term capital budget per vote

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional									
Governance and administration	28 290	57 206	81 039	106 199	126 644	126 644	102 236	75 552	71 736
Executive and council	1 142	–	182	119	119	119	–	–	–
Finance and administration	43	148	80 857	106 080	126 525	126 525	102 236	75 552	71 736
Internal audit	27 104	57 058	–	–	–	–	–	–	–
Community and public safety	57 466	136 016	72 544	48 897	70 964	70 964	80 981	54 711	66 326
Community and social services	41 776	16 382	24 017	32 374	45 551	45 551	55 463	19 013	28 957
Sport and recreation	178	22 831	20 564	16 248	18 770	18 770	24 958	35 049	36 788
Public safety	10 883	6 253	17 433	275	6 642	6 642	559	650	581
Housing	–	86 815	9 576	–	–	–	–	–	–
Health	4 630	3 736	954	–	–	–	–	–	–
Economic and environmental services	89 638	11 542	126 626	106 846	117 493	117 493	137 876	122 733	119 275
Planning and development	9 803	16	3 531	15 297	13 558	13 558	3 953	3 622	2 696
Road transport	79 835	11 526	123 095	90 810	103 195	103 195	133 723	118 901	116 176
Environmental protection	–	–	–	740	740	740	200	210	403
Trading services	278 979	187 690	227 700	259 313	255 404	255 404	204 068	279 003	293 374
Energy sources	115 531	17 822	60 270	82 142	91 917	91 917	85 472	99 273	105 014
Water management	685	115 923	104 593	93 633	82 506	82 506	68 773	111 169	118 326
Waste water management	160 124	52 450	59 354	81 038	78 490	78 490	48 123	66 061	67 527
Waste management	2 640	1 495	3 484	2 500	2 492	2 492	1 700	2 500	2 507
Other	–	1 327	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712
Funded by:									
National Government	198 133	136 565	125 534	147 305	147 739	147 739	121 374	157 485	168 078
Provincial Government	13 663	85 773	10 365	–	–	–	7 850	8 243	8 655
Transfers recognised - capital	211 796	222 338	141 524	147 305	147 739	147 739	129 224	165 728	176 733
Public contributions & donations	3 628	4 740	1 686	–	–	–	–	–	–
Borrowing	147 302	96 520	204 961	100 000	109 969	109 969	310 000	–	310 000
Internally generated funds	91 647	70 183	159 738	273 950	312 798	312 798	85 937	366 271	63 979
Total Capital Funding	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

For 2018/19 an amount of R337 million has been appropriated for the development of infrastructure which represents 65 per cent of the total capital budget. In the outer years this amount totals R394 million, 75 per cent and R 408 million, 75 per cent respectively for each of the financial years. Road Transport infrastructure receives the highest allocation of R132 million in 2018/19 which equates to 39 per cent followed by electricity infrastructure at 25 per cent, R85 million, water infrastructure at 20 per cent, R 67 million and then waste water infrastructure at 14 per cent, R48 million.

Total new assets represent 38 per cent or R 198 million of the total capital budget, asset renewal equates to 25 per cent or R 127 million and upgrade of existing assets 2 per cent or R 12 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 34 MBRR A9 (Asset Management) on page 90. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c, d and e provides a detailed breakdown of the capital programme relating to new asset construction; capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 163 to 174).

Furthermore pages 180 to 193 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

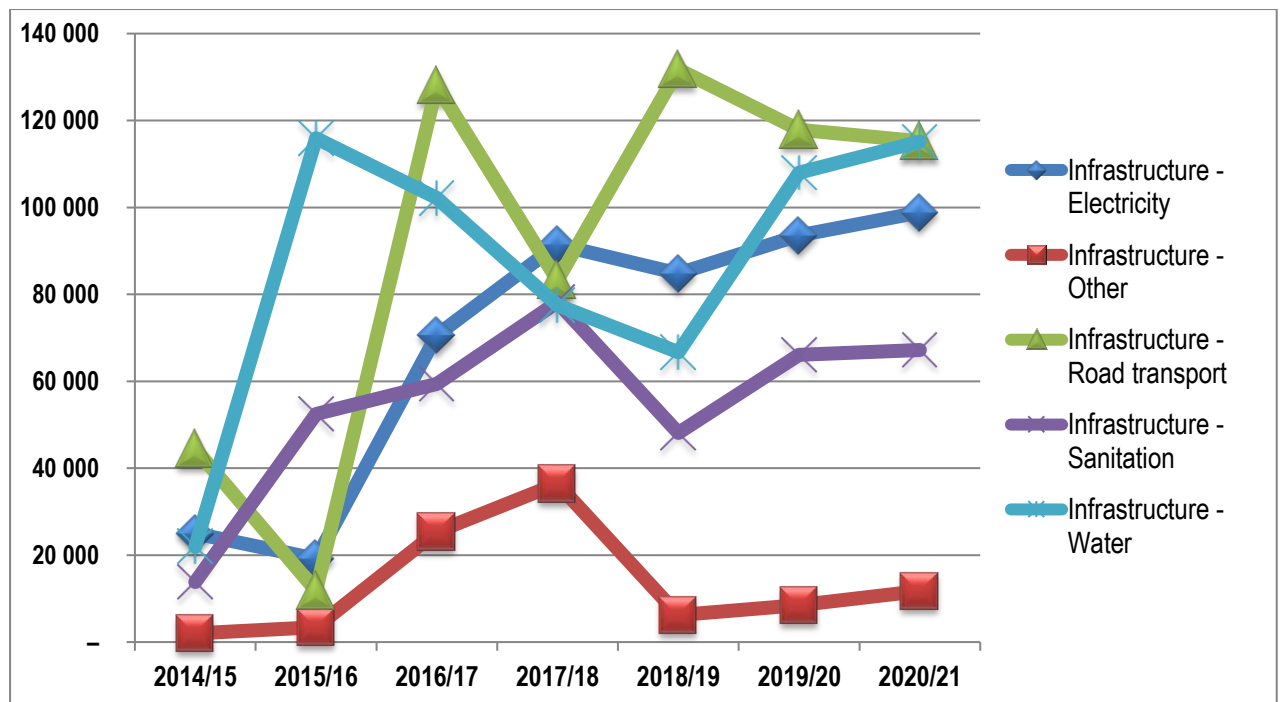


Figure 2 Capital Infrastructure Programme

1.9 Annual Budget Tables

The following pages present the ten **main** budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the following page.

Table 21 MBRR Table A1 - Budget Summary

Description R thousands	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance									
Property rates	336 507	371 074	397 694	452 872	445 589	445 589	474 453	501 849	531 960
Service charges	1 675 069	1 714 940	2 008 809	2 012 880	1 877 324	1 877 324	2 097 369	2 218 926	2 375 678
Investment revenue	27 558	32 411	60 875	40 000	50 059	50 059	55 000	58 000	60 000
Transfers recognised - operational	245 789	270 170	284 193	326 359	328 710	328 710	356 638	386 385	426 009
Other own revenue	237 634	105 209	152 643	63 329	72 258	72 258	71 413	75 473	79 981
Total Revenue (excluding capital transfers and contributions)	2 522 558	2 493 803	2 904 214	2 895 441	2 773 941	2 773 941	3 054 874	3 240 633	3 473 628
Employee costs	598 426	635 594	644 245	728 269	716 066	716 066	812 123	881 891	964 278
Remuneration of councillors	22 622	23 891	25 542	29 147	29 533	29 533	31 881	34 273	36 845
Depreciation & asset impairment	339 935	351 346	352 389	376 848	376 848	376 848	376 066	408 532	446 488
Finance charges	71 171	58 694	68 940	73 401	73 401	73 401	67 884	70 846	79 421
Materials and bulk purchases	1 235 779	1 128 765	1 270 670	1 145 215	1 036 700	1 036 700	1 115 178	1 163 053	1 228 789
Transfers and grants	4 357	18 149	9 319	11 729	12 161	12 161	12 534	13 286	14 016
Other expenditure	316 481	380 178	463 082	518 135	588 216	588 216	600 831	636 110	672 460
Total Expenditure	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/(Deficit)	(66 215)	(102 813)	70 025	12 697	(58 985)	(58 985)	38 377	32 644	31 331
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	211 796	222 338	143 210	147 305	147 739	147 739	129 224	165 728	176 733
Contributions recognised - capital & contributed assets	3 628	4 740	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063

Table MBRR Table A1 - Budget Summary (continued)

Description R thousands	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Capital expenditure & funds sources</u>									
Capital expenditure	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712
Transfers recognised - capital	211 796	222 338	141 524	147 305	147 739	147 739	129 224	165 728	176 733
Public contributions & donations	3 628	4 740	1 686	–	–	–	–	–	–
Borrowing	147 302	96 520	204 961	100 000	109 969	109 969	310 000	–	310 000
Internally generated funds	91 647	70 183	159 738	273 950	312 798	312 798	85 937	366 271	63 979
Total sources of capital funds	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712
<u>Financial position</u>									
Total current assets	807 887	979 546	1 297 323	954 342	979 958	979 958	1 208 976	1 251 647	1 638 778
Total non current assets	4 952 097	4 992 812	5 389 214	5 377 878	5 427 664	5 427 664	5 731 941	5 855 410	5 959 635
Total current liabilities	582 411	732 999	852 781	609 061	666 706	666 706	657 177	669 010	705 310
Total non current liabilities	769 811	689 374	872 144	695 882	793 014	793 014	946 204	885 131	1 118 314
Community wealth/Equity	4 407 762	4 549 984	4 961 612	5 027 277	4 947 902	4 947 902	5 337 536	5 552 915	5 774 789
<u>Cash flows</u>									
Net cash from (used) operating	575 524	435 791	470 138	499 405	421 517	421 517	543 235	599 118	646 458
Net cash from (used) investing	(433 782)	(309 768)	(504 538)	(499 283)	(520 980)	(520 980)	(525 179)	(530 976)	(547 751)
Net cash from (used) financing	(124 613)	(85 254)	287 110	(155 996)	(148 777)	(148 777)	153 856	(84 326)	225 308
Cash/cash equivalents at the year end	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619
<u>Cash backing/surplus reconciliation</u>									
Cash and investments available	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619
Application of cash and investments	143 338	192 150	120 052	296 648	450 060	450 060	458 125	72 609	401 879
Balance - surplus (shortfall)	278 300	270 256	595 064	139 656	16 816	16 816	180 663	549 995	544 740

Table MBRR Table A1 - Budget Summary (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Asset management</u>									
Asset register summary (WDV)	4 951 982	4 992 740	5 389 166	5 378 298	5 427 548	5 427 548	5 731 918	5 855 385	5 959 609
Depreciation	339 935	351 346	352 390	376 848	376 848	376 848	376 066	408 532	446 488
Renewal of Existing Assets	372 190	70 327	30 555	129 406	144 081	144 081	158 319	175 680	194 501
Repairs and Maintenance	409 534	369 221	379 822	534 296	535 142	535 142	608 208	648 082	690 742
<u>Free services</u>									
Cost of Free Basic Services provided	86 027	106 764	105 749	126 456	131 695	131 695	173 350	182 018	191 119
Revenue cost of free services provided	35 682	5 976	10 527	183 939	185 153	185 153	200 855	210 897	221 442
<u>Households below minimum service level</u>									
Water:	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–
Energy:	0	0	0	0	0	0	0	0	0
Refuse:	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that the municipality has been paying attention to managing this aspect of its finances, and consequently its obligations are cash-backed. This places the municipality in a very positive financial position. To strengthen this favourable position, Council has adopted an Investment, Working Capital and Capital Replacement Reserves Policy.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase however it needs to be noted that this table does not cater for the cross subsidisation value of the lower end tariffs in the tiered structure of basic service charges. **This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In addition, the municipality continues to make progress in addressing service delivery backlogs.**

Table 22 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
<i>Governance and administration</i>	449 747	434 532	546 803	516 755	519 353	519 353	549 465	580 944	614 288
Executive and council	1 751	1 083	6 762	3 605	6 390	6 390	191	201	213
Finance and administration	447 996	433 449	540 035	513 150	512 964	512 964	549 274	580 743	614 075
Internal audit	–	–	6	–	–	–	–	–	–
<i>Community and public safety</i>	35 398	127 319	40 326	39 785	43 920	43 920	45 671	47 580	50 253
Community and social services	9 948	12 960	12 641	13 374	13 332	13 332	20 302	14 761	15 536
Sport and recreation	7 973	11 656	13 737	21 435	25 356	25 356	20 464	27 596	29 121
Public safety	772	644	1 436	844	1 042	1 042	1 102	1 157	1 215
Housing	16 705	102 060	12 512	4 131	4 190	4 190	3 804	4 066	4 382
<i>Economic and environmental services</i>	107 438	58 063	66 555	51 039	48 528	48 528	51 536	47 952	50 798
Planning and development	36 131	32 630	17 072	18 249	17 373	17 373	18 676	13 761	14 492
Road transport	70 867	25 433	49 454	32 782	31 147	31 147	31 850	32 931	34 797
Environmental protection	440	–	30	9	8	8	1 009	1 259	1 510
<i>Trading services</i>	2 144 841	2 100 163	2 393 101	2 434 456	2 309 174	2 309 174	2 536 681	2 729 104	2 933 200
Energy sources	1 380 877	1 355 667	1 532 818	1 548 668	1 402 391	1 402 391	1 596 982	1 699 545	1 820 034
Water management	413 667	428 199	501 980	496 380	498 028	498 028	518 720	575 818	622 630
Waste water management	247 669	201 821	233 258	254 402	255 589	255 589	275 326	296 597	321 011
Waste management	102 627	114 476	125 045	135 006	153 166	153 166	145 652	157 144	169 526
<i>Other</i>	557	806	638	711	705	705	744	782	1 821
Total Revenue - Functional	2 737 981	2 720 882	3 047 423	3 042 745	2 921 679	2 921 679	3 184 097	3 406 361	3 650 360

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification) (continued)

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure - Functional									
Governance and administration	351 129	375 003	182 999	79 600	85 516	85 516	61 001	71 903	83 923
Executive and council	75 426	85 396	36 884	20 343	28 559	28 559	21 843	25 113	28 730
Finance and administration	273 121	283 052	146 886	59 244	57 318	57 318	39 114	46 742	55 140
Internal audit	2 583	6 555	(771)	13	(362)	(362)	44	49	53
Community and public safety	204 329	235 577	245 417	303 038	308 442	308 442	342 449	370 931	400 627
Community and social services	62 694	72 036	58 852	77 991	83 635	83 635	92 392	102 625	112 925
Sport and recreation	94 002	98 612	120 759	142 190	142 412	142 412	161 009	172 209	184 291
Public safety	38 662	41 966	52 603	63 537	64 778	64 778	71 238	77 042	83 073
Housing	8 971	22 964	13 203	19 319	17 617	17 617	17 810	19 055	20 338
Economic and environmental services	296 568	304 993	297 749	377 736	387 792	387 792	382 792	413 275	446 910
Planning and development	62 719	62 934	70 407	83 041	85 408	85 408	91 739	98 771	107 383
Road transport	229 079	236 668	220 128	285 214	293 617	293 617	280 003	301 833	325 235
Environmental protection	4 770	5 391	7 214	9 481	8 768	8 768	11 050	12 671	14 292
Trading services	1 736 071	1 677 690	2 101 976	2 115 716	2 044 370	2 044 370	2 224 173	2 344 690	2 502 552
Energy sources	1 089 010	1 066 399	1 294 876	1 286 254	1 184 184	1 184 184	1 292 648	1 359 878	1 448 748
Water management	428 830	382 189	483 166	454 907	496 521	496 521	477 952	507 278	540 069
Waste water management	147 943	156 426	228 704	247 692	219 459	219 459	289 067	307 089	330 983
Waste management	70 288	72 676	95 230	126 863	144 207	144 207	164 506	170 446	182 753
Other	675	3 353	6 048	6 655	6 805	6 805	6 082	7 190	8 285
Total Expenditure - Functional	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/(Deficit) for the year	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 14 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. **Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.**
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure. However, if the capital revenues (Transfers recognised – capital) is removed from the calculation of the surpluses for each trading service, water service is running at an R 8.7m deficit and sanitation at a R 47m deficit.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources. **The major concern here is that all services other than one of the trading services are now running at an R 185 million deficit. You will not notice this in Table A2 as the capital transfers distort the actual revenue. Refer to Table 27 for the actual calculation. This implies that the whole Municipality has a high risk dependency on Electricity Revenue, given that Water, Sanitation and Waste Management trading services all have deficits.**

Table 23 MBRR Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail)

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
Municipal governance and administration	449 747	434 532	546 803	516 755	519 353	519 353	549 465	580 944	614 288
Executive and council	1 751	1 083	6 762	3 605	6 390	6 390	191	201	213
Mayor and Council	1 751	1 083	388	181	181	181	191	201	213
Municipal Manager, Town Secretary and Chief Executive	–	–	6 374	3 424	6 209	6 209	–	–	–
Finance and administration	447 996	433 449	540 035	513 150	512 964	512 964	549 274	580 743	614 075
Administrative and Corporate Support	–	–	190	–	–	–	–	–	–
Asset Management	–	–	17	–	–	–	–	–	–
Budget and Treasury Office	397 419	417 744	531 495	506 558	506 004	506 004	541 455	572 518	605 391
Finance	–	–	32	–	–	–	–	–	–
Fleet Management	22 996	9 712	655	276	264	264	1 790	1 895	2 005
Human Resources	6 880	1 017	1 351	13	1 016	1 016	13	14	15
Information Technology	14 728	9	111	335	312	312	352	369	388
Legal Services	–	0	34	–	–	–	0	0	0
Marketing, Customer Relations, Publicity and Media Co-ordination	3 395	3 250	2 560	3 576	2 676	2 676	2 823	2 964	3 141
Property Services	1 578	1 465	1 490	1 626	1 626	1 626	1 715	1 801	1 891
Risk Management	–	–	11	–	–	–	–	–	–
Security Services	–	–	277	–	–	–	–	–	–
Supply Chain Management	1 001	252	1 796	767	1 066	1 066	1 125	1 182	1 244
Valuation Service	–	–	16	–	–	–	–	–	–
Internal audit	–	–	6	–	–	–	–	–	–
Governance Function	–	–	6	–	–	–	–	–	–
Community and public safety	35 398	127 319	40 326	39 785	43 920	43 920	45 671	47 580	50 253
Community and social services	9 948	12 960	12 641	13 374	13 332	13 332	20 302	14 761	15 536
Cemeteries, Funeral Parlours and Crematoriums	464	512	517	549	498	498	526	552	580
Community Halls and Facilities	2 134	3 695	2 694	2 867	2 857	2 857	9 301	3 176	3 334
Disaster Management	–	–	12	–	–	–	–	–	–
Libraries and Archives	7 198	8 586	9 227	9 767	9 786	9 786	10 275	10 822	11 398
Museums and Art Galleries	152	167	192	192	191	191	201	211	224

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
Sport and recreation	7 973	11 656	13 737	21 435	25 356	25 356	20 464	27 596	29 121
<i>Beaches and Jetties</i>	586	144	1 253	46	43	43	48	50	53
<i>Community Parks (including Nurseries)</i>	(1 400)	2 806	4 155	4 993	4 993	4 993	3 268	3 432	3 636
<i>Recreational Facilities</i>	1 288	1 453	1 685	787	711	711	751	788	828
<i>Sports Grounds and Stadiums</i>	7 500	7 254	6 645	15 610	19 610	19 610	16 397	23 326	24 605
Public safety	772	644	1 436	844	1 042	1 042	1 102	1 157	1 215
<i>Fire Fighting and Protection</i>	772	644	1 436	844	1 042	1 042	1 102	1 157	1 215
Housing	16 705	102 060	12 512	4 131	4 190	4 190	3 804	4 066	4 382
<i>Housing</i>	16 705	102 060	12 512	4 131	4 190	4 190	3 804	4 066	4 382
Health	–	–	–	–	–	–	–	–	–
<i>Health Services</i>	–	–	–	–	–	–	–	–	–
Economic and environmental services	107 438	58 063	66 555	51 039	48 528	48 528	51 536	47 952	50 798
Planning and development	36 131	32 630	17 072	18 249	17 373	17 373	18 676	13 761	14 492
<i>Billboards</i>	–	–	5	–	–	–	–	–	–
<i>Corporate Wide Strategic Planning (IDPs, LEDs)</i>	–	965	102	–	–	–	–	–	–
<i>Development Facilitation</i>	21 291	16 892	1 841	–	–	–	1 893	1 987	2 087
<i>Economic Development/Planning</i>	1 913	–	1 051	–	–	–	–	–	–
<i>Town Planning, Building Regulations and Enforcement, and City Engineer</i>	–	1 696	1 531	2 101	1 225	1 225	1 293	1 358	1 427
<i>Project Management Unit</i>	12 927	13 076	12 541	16 148	16 147	16 147	15 491	10 417	10 978
Road transport	70 867	25 433	49 454	32 782	31 147	31 147	31 850	32 931	34 797
<i>Police Forces, Traffic and Street Parking Control</i>	55 621	11 579	15 168	2 768	1 140	1 140	1 204	1 264	1 327
<i>Road and Traffic Regulation</i>	10 524	9 547	10 457	11 054	11 054	11 054	11 662	12 245	12 940
<i>Roads</i>	2 160	3 620	23 815	18 953	18 948	18 948	18 978	19 416	20 523
<i>Taxi Ranks</i>	2 563	687	13	6	6	6	7	7	7
Environmental protection	440	–	30	9	8	8	1 009	1 259	1 510
<i>Pollution Control</i>	440	–	30	9	8	8	1 009	1 259	1 510
Trading services	2 144 841	2 100 163	2 393 101	2 434 456	2 309 174	2 309 174	2 536 681	2 729 104	2 933 200
Energy sources	1 380 877	1 355 667	1 532 818	1 548 668	1 402 391	1 402 391	1 596 982	1 699 545	1 820 034
<i>Electricity</i>	1 377 584	1 355 667	1 532 670	1 548 655	1 402 378	1 402 378	1 596 968	1 699 530	1 820 018
<i>Street Lighting and Signal Systems</i>	3 293	–	149	13	12	12	14	15	15

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
Water management	413 667	428 199	501 980	496 380	498 028	498 028	518 720	575 818	622 630
<i>Water Treatment</i>	5 433	25 393	5 508	5 411	5 410	5 410	5 709	5 994	6 354
<i>Water Distribution</i>	408 235	402 805	496 473	490 969	492 618	492 618	513 011	569 824	616 276
Waste water management	247 669	201 821	233 258	254 402	255 589	255 589	275 326	296 597	321 011
<i>Public Toilets</i>	–	–	10	–	–	–	–	–	–
<i>Sewerage</i>	247 669	201 821	233 240	254 402	255 589	255 589	275 326	296 597	321 011
<i>Storm Water Management</i>	–	–	7	–	–	–	–	–	–
Waste management	102 627	114 476	125 045	135 006	153 166	153 166	145 652	157 144	169 526
<i>Solid Waste Removal</i>	102 535	114 476	124 604	134 999	153 160	153 160	145 646	157 137	169 519
<i>Street Cleaning</i>	91	–	441	6	6	6	7	7	7
Other	557	806	638	711	705	705	744	782	1 821
Air Transport	557	786	611	697	697	697	736	773	811
Licensing and Regulation	–	20	18	13	8	8	9	9	1 010
Tourism	–	–	9	–	–	–	–	–	–
Total Revenue - Functional	2 737 981	2 720 882	3 047 423	3 042 745	2 921 679	2 921 679	3 184 097	3 406 361	3 650 360
Expenditure - Functional									
Municipal governance and administration	351 129	375 003	182 999	79 600	85 516	85 516	61 001	71 903	83 923
Executive and council	75 426	85 396	36 884	20 343	28 559	28 559	21 843	25 113	28 730
<i>Mayor and Council</i>	62 751	67 852	847	538	7 332	7 332	653	352	377
<i>Municipal Manager, Town Secretary and Chief Executive</i>	12 675	17 544	36 037	19 805	21 228	21 228	21 190	24 760	28 353
Finance and administration	273 121	283 052	146 886	59 244	57 318	57 318	39 114	46 742	55 140
<i>Administrative and Corporate Support</i>	19 594	17 478	(1 237)	1 280	1 232	1 232	484	507	528
<i>Asset Management</i>	–	1 068	1 249	1 378	1 427	1 427	1 701	1 840	1 974
<i>Budget and Treasury Office</i>	91 050	79 725	7 760	8 467	10 080	10 080	12 847	13 728	14 621
<i>Finance</i>	–	7 895	7 455	6 259	6 634	6 634	6 689	7 207	7 738
<i>Fleet Management</i>	62 730	85 398	61 283	(190)	(20 207)	(20 207)	(27 150)	(27 658)	(27 425)
<i>Human Resources</i>	36 517	23 311	3 783	5 089	7 698	7 698	5 749	6 223	6 705
<i>Information Technology</i>	37 965	33 773	2 834	3 881	17 015	17 015	4 659	5 050	5 443
<i>Legal Services</i>	–	3 984	4 346	5 928	5 195	5 195	6 180	7 294	8 409

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure - Functional									
Marketing, Customer Relations, Publicity and Media Co-ordination	8 079	9 442	27 807	12 332	12 203	12 203	9 228	10 506	11 765
Property Services	1 126	1 120	1 698	1 742	1 714	1 714	2 017	2 788	3 552
Risk Management	–	1 028	20 282	1 319	1 362	1 362	1 439	2 192	2 937
Security Services	4 695	5 404	7 025	7 643	8 549	8 549	10 318	11 744	13 206
Supply Chain Management	11 365	12 018	(687)	751	1 127	1 127	948	1 018	1 089
Valuation Service	–	1 410	3 289	3 365	3 291	3 291	4 008	4 305	4 599
Internal audit	2 583	6 555	(771)	13	(362)	(362)	44	49	53
Governance Function	2 583	6 555	(771)	13	(362)	(362)	44	49	53
Community and public safety	204 329	235 577	245 417	303 038	308 442	308 442	342 449	370 931	400 627
Community and social services	62 694	72 036	58 852	77 991	83 635	83 635	92 392	102 625	112 925
Cemeteries, Funeral Parlours and Crematoriums	6 559	7 263	8 880	11 118	11 370	11 370	12 541	14 060	15 638
Community Halls and Facilities	39 458	43 010	21 935	36 048	41 621	41 621	43 904	48 560	53 253
Disaster Management	777	1 137	1 701	2 258	1 949	1 949	3 031	3 889	4 739
Libraries and Archives	14 253	15 366	19 830	22 585	22 403	22 403	24 970	27 650	30 311
Museums and Art Galleries	1 647	5 260	6 505	5 982	6 292	6 292	4 464	4 763	5 062
Sport and recreation	94 002	98 612	120 759	142 190	142 412	142 412	161 009	172 209	184 291
Beaches and Jetties	10 899	11 720	13 479	17 508	16 492	16 492	18 169	19 370	20 671
Community Parks (including Nurseries)	42 353	45 235	51 510	61 608	62 114	62 114	70 795	75 869	81 431
Recreational Facilities	21 640	21 465	27 063	33 084	32 307	32 307	35 906	38 446	41 052
Sports Grounds and Stadiums	19 110	20 191	28 707	29 990	31 499	31 499	36 139	38 524	41 137
Public safety	38 662	41 966	52 603	63 537	64 778	64 778	71 238	77 042	83 073
Fire Fighting and Protection	38 662	41 966	52 603	63 537	64 778	64 778	71 238	77 042	83 073
Housing	8 971	22 964	13 203	19 319	17 617	17 617	17 810	19 055	20 338
Housing	8 971	22 964	13 203	19 319	17 617	17 617	17 810	19 055	20 338

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure - Functional									
Health	-	-	-	-	-	-	-	-	-
Health Services	-	-	-	-	-	-	-	-	-
Economic and environmental services	296 568	304 993	297 749	377 736	387 792	387 792	382 792	413 275	446 910
Planning and development	62 719	62 934	70 407	83 041	85 408	85 408	91 739	98 771	107 383
Billboards	-	755	1 793	1 576	1 748	1 748	1 889	2 101	2 369
Corporate Wide Strategic Planning (IDPs, LEDs)	-	8 784	11 159	16 894	18 316	18 316	19 552	21 619	24 939
Development Facilitation	3 173	3 100	6 730	2 420	3 082	3 082	6 573	6 739	6 918
Economic Development/Planning	31 869	10 402	17 197	20 895	21 947	21 947	24 800	26 659	28 543
Town Planning, Building Regulations and Enforcement, and City Engineer	-	10 138	10 578	12 105	12 009	12 009	13 434	14 542	15 624
Project Management Unit	27 677	29 755	22 951	29 151	28 306	28 306	25 490	27 112	28 991
Road transport	229 079	236 668	220 128	285 214	293 617	293 617	280 003	301 833	325 235
Police Forces, Traffic and Street Parking Control	73 895	40 449	37 700	48 205	47 011	47 011	53 298	57 968	62 694
Road and Traffic Regulation	7 673	8 501	11 028	12 361	14 202	14 202	14 564	15 711	16 892
Roads	144 607	186 033	169 675	220 810	228 695	228 695	208 770	224 575	241 862
Taxi Ranks	2 904	1 685	1 725	3 838	3 709	3 709	3 371	3 579	3 787
Environmental protection	4 770	5 391	7 214	9 481	8 768	8 768	11 050	12 671	14 292
Pollution Control	4 770	5 391	7 214	9 481	8 768	8 768	11 050	12 671	14 292
Trading services	1 736 071	1 677 690	2 101 976	2 115 716	2 044 370	2 044 370	2 224 173	2 344 690	2 502 552
Energy sources	1 089 010	1 066 399	1 294 876	1 286 254	1 184 184	1 184 184	1 292 648	1 359 878	1 448 748
Electricity	1 066 229	1 054 220	1 255 785	1 229 180	1 123 462	1 123 462	1 226 847	1 288 849	1 372 147
Street Lighting and Signal Systems	22 780	12 179	39 091	57 074	60 722	60 722	65 801	71 029	76 601
Water management	428 830	382 189	483 166	454 907	496 521	496 521	477 952	507 278	540 069
Water Treatment	16 112	199 134	23 439	27 511	27 592	27 592	28 213	30 634	33 057
Water Distribution	412 718	183 055	459 727	427 397	468 929	468 929	449 739	476 644	507 012
Waste water management	147 943	156 426	228 704	247 692	219 459	219 459	289 067	307 089	330 983
Public Toilets	932	1 001	2 419	2 046	2 287	2 287	5 289	5 615	5 864
Sewerage	76 013	113 832	153 804	167 077	145 249	145 249	176 911	189 019	206 960
Storm Water Management	38 744	6 133	36 948	24 719	25 455	25 455	43 181	44 779	46 542
Waste Water Treatment	32 254	35 460	35 533	53 850	46 469	46 469	63 686	67 676	71 617

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) (continued)

Functional Classification Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure - Functional									
Waste management	70 288	72 676	95 230	126 863	144 207	144 207	164 506	170 446	182 753
<i>Solid Waste Removal</i>	44 260	49 353	67 003	88 952	106 687	106 687	122 701	125 382	134 435
<i>Street Cleaning</i>	26 027	23 323	28 227	37 911	37 519	37 519	41 806	45 063	48 318
Other	675	3 353	6 048	6 655	6 805	6 805	6 082	7 190	8 285
Air Transport	675	681	120	807	807	807	115	123	132
Licensing and Regulation	–	877	1 692	1 491	1 335	1 335	1 342	2 094	2 836
Tourism	–	1 795	4 235	4 357	4 663	4 663	4 625	4 973	5 318
Total Expenditure - Functional	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/(Deficit) for the year	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063

Table 24 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 1 - CITY DEVELOPMENT	39 909	121 613	17 068	6 231	5 415	5 415	6 989	7 411	8 895
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	112 366	115 807	126 586	135 871	154 228	154 228	147 776	159 574	172 265
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	66 145	21 126	25 903	13 822	12 194	12 194	12 866	13 509	14 267
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	16 167	22 707	24 231	32 612	36 499	36 499	32 172	39 923	42 102
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	5 313	5 263	4 766	4 715	4 700	4 700	11 245	5 217	5 480
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	14 728	9	111	335	312	312	352	369	388
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	915	1 017	1 311	6	1 010	1 010	7	7	8
Vote 8 - FINANCIAL SERVICES	398 646	417 995	533 340	507 324	507 070	507 070	542 580	573 700	606 635
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 403 873	1 365 379	1 533 473	1 548 945	1 402 655	1 402 655	1 598 772	1 701 440	1 822 039
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	661 337	630 020	735 220	750 782	753 617	753 617	794 047	872 416	943 641
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	2 160	3 620	23 823	18 953	18 948	18 948	18 978	19 416	20 523
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	12 927	13 076	12 641	16 148	16 147	16 147	15 491	10 417	10 978
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	3 495	3 250	8 950	7 000	8 885	8 885	2 823	2 964	3 141
Total Revenue by Vote	2 737 981	2 720 882	3 047 423	3 042 745	2 921 679	2 921 679	3 184 097	3 406 361	3 650 360

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure by Vote									
Vote 1 - CITY DEVELOPMENT	44 013	58 592	68 184	79 356	80 925	80 925	90 803	97 891	106 278
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	132 350	129 731	198 700	209 053	226 882	226 882	259 678	274 525	295 885
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	86 264	54 353	18 052	68 209	69 762	69 762	78 180	85 423	92 792
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	128 321	139 492	177 790	204 221	205 481	205 481	232 752	250 684	269 595
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	103 320	111 469	(6 095)	10 525	20 894	20 894	11 813	15 208	18 812
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	37 965	33 773	2 834	3 881	17 015	17 015	4 659	5 050	5 443
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	22 500	17 435	3 675	4 059	6 513	6 513	4 556	4 939	5 328
Vote 8 - FINANCIAL SERVICES	102 642	100 706	15 776	16 855	19 268	19 268	22 184	23 793	25 422
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 151 739	1 151 797	1 356 159	1 286 063	1 163 977	1 163 977	1 265 498	1 332 219	1 421 322
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	537 098	531 481	672 503	675 834	688 239	688 239	718 550	763 973	818 646
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	183 350	192 167	206 623	245 528	254 150	254 150	251 950	269 354	288 404
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	35 775	40 295	36 631	44 113	43 642	43 642	42 085	45 323	48 894
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	23 436	35 325	83 355	35 046	36 178	36 178	33 790	39 608	45 477
Total Expenditure by Vote	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/(Deficit) for the year	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 25 MBRR Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 1 - CITY DEVELOPMENT	39 909	121 613	17 068	6 231	5 415	5 415	6 989	7 411	8 895
1.1 - FX005001014 - Valuation Service (Finance and Administration)	–	–	16	–	–	–	–	–	–
1.2 - FX007001001 - Housing (Housing)	16 705	102 060	12 512	4 131	4 190	4 190	3 804	4 066	4 382
1.3 - FX009002006 - Tourism (Other)	–	–	9	–	–	–	–	–	–
1.4 - FX010001002 - Corporate Wide Strategic Planning (IDPs, LEDs) (Planning and Development)	–	965	107	–	–	–	–	–	1 000
1.5 - FX010001004 - Development Facilitation (Planning and Development)	21 291	16 892	1 841	–	–	–	1 893	1 987	2 087
1.6 - FX010001005 - Economic Development/Planning (Planning and Development)	1 913	–	1 051	–	–	–	–	–	–
1.7 - FX010001006 -Town Planning, Building Regulations and Enforcement, and City Engineer (Planning and Development)	–	1 696	1 531	2 101	1 225	1 225	1 293	1 358	1 427
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	112 366	115 807	126 586	135 871	154 228	154 228	147 776	159 574	172 265
2.1 - FX001002008 - Disaster Management (Community and Social Services)	–	–	12	–	–	–	–	–	–
2.2 - FX003001003 - Pollution Control (Environmental Protection)	440	–	30	9	8	8	1 009	1 259	1 510
2.3 - FX005001006003 - Occupational Clinic (Finance and Administration)	5 965	–	40	6	6	6	7	7	7
2.4 - FX011001005 - Fire Fighting and Protection (Public Safety)	772	644	1 436	844	1 042	1 042	1 102	1 157	1 215
2.5 - FX012001005 - Taxi Ranks (Road Transport)	2 563	687	13	6	6	6	7	7	7
2.6 - FX014001003 - Solid Waste Removal (Waste Management)	102 535	114 476	124 604	134 999	153 160	153 160	145 646	157 137	169 519
2.7 - FX014001004 - Street Cleansing (Waste Management)	91	–	441	6	6	6	7	7	7
2.8 - FX015001001 - Public Toilets (Waste Water Management)	–	–	10	–	–	–	–	–	–
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	66 145	21 126	25 903	13 822	12 194	12 194	12 866	13 509	14 267
3.1 - FX005001012 - Security Services (Finance and Administration)	–	–	277	–	–	–	–	–	–
3.2 - FX012001001 - Police Forces, Traffic and Street Parking Control (Road Transport)	55 621	11 579	15 168	2 768	1 140	1 140	1 204	1 264	1 327
3.3 - FX012002001 - Road and Traffic Regulation (Road Transport)	10 524	9 547	10 457	11 054	11 054	11 054	11 662	12 245	12 940

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	16 167	22 707	24 231	32 612	36 499	36 499	32 172	39 923	42 102
4.1 - FX013001003 - Cemeteries, Funeral Parlours and Crematoriums (Community and Social Services)	464	512	517	549	498	498	526	552	580
4.2 - FX001001005002 - Halls (Community and Social Services)	380	1 786	559	670	668	668	707	742	779
4.3 - FX001001006001- Libraries and Archives (Community and Social Services)	6 458	7 532	8 134	8 263	8 282	8 282	8 699	9 134	9 590
4.4 - FX001001006002 - Cyber Cadets (Community and Social Services)	740	1 054	1 093	1 504	1 504	1 504	1 576	1 688	1 808
4.5 - FX001001008 - Museums and Art Galleries (Community and Social Services)	152	167	192	192	191	191	201	211	224
4.6 - FX001002007 - Cultural Matters (Community and Social Services)	-	-	-	-	-	-	-	-	-
4.7 - FX013001001- Beaches and Jetties (Community and Social Services)	586	144	1 253	46	43	43	48	50	53
4.8 - FX013001002 - Community Parks (including Nurseries) (Sport and Recreation)	(1 400)	2 806	4 155	4 993	4 993	4 993	3 268	3 432	3 636
4.9 - FX013002003001 - Recreational Facilities - Caravan Park (Sport and Recreation)	759	774	841	245	245	245	259	272	285
4.10 - FX013002003002 - Recreational Facilities - Parks Administration (Sport and Recreation)	-	-	84	-	-	-	-	-	-
4.11 - FX013002003003 - Recreational Facilities - Swimming Pools (Sport and Recreation)	529	679	759	541	465	465	492	516	542
4.12 - FX013002004001 - Sport Development and Sportfields (Sport and Recreation)	4 820	7 254	6 645	15 610	19 610	19 610	16 397	23 326	24 605
4.13 - FX013002004002 - Sports Grounds and Stadiums -Stadiums (Sport and Recreation)	2 680	-	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	5 313	5 263	4 766	4 715	4 700	4 700	11 245	5 217	5 480
5.1 - FX001001005003 - Municipal Buildings (Community and Social Services)	1 754	1 909	2 035	2 197	2 189	2 189	8 594	2 434	2 555
5.2 - FX004001001001 - Mayor and Council (Executive and Council)	1 424	1 083	388	181	181	181	191	201	213
5.3 - FX005001001 - Administrative and Corporate Support (Finance and Administration)	-	-	190	-	-	-	-	-	-
5.4 - FX005001008 - Legal Services (Finance and Administration)	-	0	34	-	-	-	0	0	0
5.5 - FX005001010 - Property Services (Finance and Administration)	1 578	1 465	1 490	1 626	1 626	1 626	1 715	1 801	1 891
5.6 - FX009001002 - Air Transport (Other)	557	786	611	697	697	697	736	773	811
5.7 - FX009001004 - Licensing and Regulation (Other)	-	20	18	13	8	8	9	9	10

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	14 728	9	111	335	312	312	352	369	388
6.1 - FX005001007 - Information Technology (Finance and Administration)	14 728	9	111	335	312	312	352	369	388
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	915	1 017	1 311	6	1 010	1 010	7	7	8
7.1 - FX005001006001 - Human Resources (Finance and Administration)	–	–	103	–	–	–	–	–	–
7.2 - FX005001006002 - Management Services (Finance and Administration)	–	–	19	–	–	–	–	–	–
7.3 - FX005001006004 - Training and Industrial Relations (Finance and Administration)	915	1 017	1 188	6	1 010	1 010	7	7	8
Vote 8 - FINANCIAL SERVICES	398 646	417 995	533 340	507 324	507 070	507 070	542 580	573 700	606 635
8.1 - FX005001003001 - Financial Management Grant Interns (Finance and Administration)	1 500	1 600	2 537	2 650	2 650	2 650	2 650	2 650	2 650
8.2 - FX005001003002 - Revenue and Expenditure (Finance and Administration)	395 819	416 144	528 958	503 908	503 354	503 354	538 805	569 868	602 741
8.3 - FX005001004 - Finance (Finance and Administration)	327	–	32	–	–	–	–	–	–
8.4 - FX005001013 - Supply Chain Management (Finance and Administration)	1 001	252	1 796	767	1 066	1 066	1 125	1 182	1 244
8.5 - FX005002001 - Asset Management (Finance and Administration)	–	–	17	–	–	–	–	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 403 873	1 365 379	1 533 473	1 548 945	1 402 655	1 402 655	1 598 772	1 701 440	1 822 039
9.1 - FX002001001001 - Marketing and Customer relations (Energy Sources)	–	–	126	–	–	–	–	–	–
9.2 - FX002001001002 - Administration (Energy Sources)	–	–	8	–	–	–	–	–	–
9.3 - FX002001001004 - Electricity Distribution (Energy Sources)	1 377 584	1 355 667	1 532 535	1 548 655	1 402 378	1 402 378	1 596 968	1 699 530	1 820 018
9.4 - FX002001001005 - Electricity Planning (Energy Sources)	–	–	–	–	–	–	–	–	–
9.5 - FX002001002001 - Street Lighting (Energy Sources)	3 293	–	97	–	–	–	–	–	–
9.6 - FX002001002002 - Process Control Systems (Energy Sources)	1	–	52	13	12	12	14	15	15
9.7 - FX005001005 - Fleet Management (Finance and Administration)	22 996	9 712	655	276	264	264	1 790	1 895	2 005

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	661 337	630 020	735 220	750 782	753 617	753 617	794 047	872 416	943 641
10.1 - FX015001002001 - Sewerage - Industrial Effluent Pipeline (Waste Water Management)	1 821	1 903	1 951	2 147	2 147	2 147	2 265	2 378	2 497
10.2 - FX015001002002 - Sewerage - Pumpstations (Waste Water Management)	-	-	109	32	29	29	33	35	37
10.3 - FX015001002003 - Sewerage - Sewerage Network (Waste Water Management)	245 848	199 918	231 179	252 224	253 413	253 413	273 028	294 185	318 477
10.4 - FX015001004 - Treatment (Waste Water Management)	-	-	-	-	-	-	-	-	-
10.5 - FX016001002004 - Water Distribution (Clarified Water)	21 026	20 772	-	28 351	20 551	20 551	27 219	28 711	30 665
10.6 - FX016001002005 - Water Distribution (Purification Works)	-	-	-	6	6	6	7	7	7
10.7 - FX016001001003 - Water Treatment - Scientific Services (Water Management)	5 433	4 621	5 508	5 411	5 410	5 410	5 709	5 994	6 354
10.8 - FX016001002001 - Water Distribution - Rural Water (Water Management)	59 611	58 475	23 069	35 001	35 001	35 001	33 480	34 192	36 159
10.9 - FX016001002002 - Water Distribution - Urban Water (Water Management)	327 494	344 330	451 197	427 610	437 059	437 059	452 305	506 914	549 445
10.10 - FX016001002003 - Water Distribution - Water Demand Management (Water Management)	103	-	22 207	-	-	-	-	-	-
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	2 160	3 620	23 823	18 953	18 948	18 948	18 978	19 416	20 523
11.1 - FX012001004001 - Roads - Railway Sidings (Road Transport)	489	1 207	1 017	1 053	1 053	1 053	1 111	1 167	1 225
11.2 - FX012001004002 - Roads - Urban Roads (Road Transport)	1 671	1 069	301	17 900	17 895	17 895	17 867	18 249	19 298
11.3 - FX012001004003 - Roads - Rural Roads (Road Transport)	-	1 343	22 497	-	-	-	0	0	0
11.4 - FX015001003 - Storm Water Management (Waste Water Management)	-	-	7	-	-	-	-	-	-

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	12 927	13 076	12 641	16 148	16 147	16 147	15 491	10 417	10 978
12.1 - FX001001005001 - Buildings Maintenance (Community and Social Services)	–	–	100	–	–	–	–	–	–
12.2 - FX010001007001 - Project Management Unit - Administration (Planning and Development)	45	–	35	–	–	–	–	–	–
12.3 - FX010001007002 - Project Management Unit - Asset Management (Planning and Development)	–	50	130	62	61	61	65	68	72
12.4 - FX010001007003 - Project Management Unit - Expanded Public Works Programme (Planning and Development)	1 896	2 955	5 061	4 143	4 143	4 143	5 189	–	–
12.5 - FX010001007004 - Project Management Unit - Infrastructure Skills Development Grant (Planning and Development)	8 082	7 396	3 879	6 500	6 500	6 500	5 000	5 000	5 250
12.6 - FX010001007005 - Project Management Unit - PMU (Planning and Development)	2 904	2 675	3 437	5 444	5 443	5 443	5 237	5 349	5 656
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	3 495	3 250	8 950	7 000	8 885	8 885	2 823	2 964	3 141
13.1 - FX004001002001 - DMM - Corporate Services (Executive and Council)	–	–	12	–	–	–	–	–	–
13.2 - FX004001002002 - DMM - ITS (Executive and Council)	–	–	24	–	–	–	–	–	–
13.3 - FX004001002003 - DMM - City Development (Executive and Council)	–	–	2	–	–	–	–	–	–
13.4 - FX004001002004 - DMM - Community Services (Executive and Council)	–	–	6	–	–	–	–	–	–
13.5 - FX004001002005 - Municipal Manager (Executive and Council)	–	–	1	–	–	–	–	–	–
13.6 - FX004001002006 - Municipal Demarcation Transition Grant (Executive and Council)	–	–	6 314	3 424	6 209	6 209	–	–	–
13.7 - FX004001002007 - Performance Management (Executive and Council)	–	–	16	–	–	–	–	–	–
13.8 - FX005001009 - Marketing, Customer Relations, Publicity and Media Co-ordination (Finance and Administration)	3 395	3 250	2 560	3 576	2 676	2 676	2 823	2 964	3 141
13.9 - FX004001002008 - DMM - Chief Operations Officer	–	–	–	–	–	–	–	–	–
13.10 - FX005001011 - Risk Management (Finance and Administration)	–	–	11	–	–	–	–	–	–
13.11 - FX008001001 - Governance Function (Internal Audit)	100	–	6	–	–	–	–	–	–
13.12 - FX010001001 - Billboards (Planning and Development)	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2 737 981	2 720 882	3 047 423	3 042 745	2 921 679	2 921 679	3 184 097	3 406 361	3 650 360

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure by Vote									
Vote 1 - CITY DEVELOPMENT	44 013	58 592	68 184	79 356	80 925	80 925	90 803	97 891	106 278
1.1 - FX005001014 - Valuation Service (Finance and Administration)	–	1 410	3 289	3 365	3 291	3 291	4 008	4 305	4 599
1.2 - FX007001001 - Housing (Housing)	8 971	22 964	13 203	19 319	17 617	17 617	17 810	19 055	20 338
1.3 - FX009002006 - Tourism (Other)	–	1 795	4 235	4 357	4 663	4 663	4 625	4 973	5 318
1.4 - FX010001002 - Corporate Wide Strategic Planning (IDPs, LEDs) (Planning and Development)	–	8 784	12 952	16 894	18 316	18 316	19 552	21 619	24 939
1.5 - FX010001004 - Development Facilitation (Planning and Deveopment)	3 173	3 100	6 730	2 420	3 082	3 082	6 573	6 739	6 918
1.6 - FX010001005 - Economic Development/Planning (Planning and Development)	31 869	10 402	17 197	20 895	21 947	21 947	24 800	26 659	28 543
1.7 - FX010001006 -Town Planning, Building Regulations and Enforcement, and City Engineer (Planning and Development)	–	10 138	10 578	12 105	12 009	12 009	13 434	14 542	15 624
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	132 350	129 731	198 700	209 053	226 882	226 882	259 678	274 525	295 885
2.1 - FX001002008 - Disaster Management (Community and Social Services)	777	1 137	1 701	2 258	1 949	1 949	3 031	3 889	4 739
2.2 - FX003001003 - Pollution Control (Environmental Protection)	4 770	5 391	7 214	9 481	8 768	8 768	11 050	12 671	14 292
2.3 - FX005001006003 - Occupational Clinic (Finance and Administration)	14 017	5 876	108	1 029	1 185	1 185	1 193	1 284	1 377
2.4 - FX011001005 - Fire Fighting and Protection (Public Safety)	38 662	41 966	90 304	63 537	64 778	64 778	71 238	77 042	83 073
2.5 - FX012001005 - Taxi Ranks (Road Transport)	2 904	1 685	1 725	3 838	3 709	3 709	3 371	3 579	3 787
2.6 - FX014001003 - Solid Waste Removal (Waste Management)	44 260	49 352	67 003	88 952	106 687	106 687	122 701	125 382	134 435
2.7 - FX014001004 - Street Cleansing (Waste Management)	26 027	23 323	28 227	37 911	37 519	37 519	41 806	45 063	48 318
2.8 - FX015001001 - Public Toilets (Waste Water Management)	932	1 001	2 419	2 046	2 287	2 287	5 289	5 615	5 864
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	86 264	54 353	18 052	68 209	69 762	69 762	78 180	85 423	92 792
3.1 - FX005001012 - Security Services (Finance and Administration)	4 695	5 404	7 025	7 643	8 549	8 549	10 318	11 744	13 206
3.2 - FX012001001 - Police Forces, Traffic and Street Parking Control (Road Transport)	73 895	40 449	–	48 205	47 011	47 011	53 298	57 968	62 694
3.3 - FX012002001 - Road and Traffic Regulation (Road Transport)	7 673	8 501	11 028	12 361	14 202	14 202	14 564	15 711	16 892

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure by Vote									
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	128 321	139 492	177 790	204 221	205 481	205 481	232 752	250 684	269 595
4.1 - FX013001003 - Cemeteries, Funeral Parlours and Crematoriums (Community and Social Services)	6 559	7 263	–	11 118	11 370	11 370	12 541	14 060	15 638
4.2 - FX001001005002 - Halls (Community and Social Services)	11 860	12 992	30 696	22 346	23 005	23 005	26 285	28 299	30 371
4.3 - FX001001006001 - Libraries and Archives (Community and Social Services)	13 513	14 312	18 679	21 081	20 899	20 899	23 394	25 962	28 503
4.4 - FX001001006002 - Cyber Cadets (Community and Social Services)	740	1 054	1 151	1 504	1 504	1 504	1 576	1 688	1 808
4.5 - FX001001008 - Museums and Art Galleries (Community and Social Services)	1 647	5 260	6 505	5 982	6 292	6 292	4 464	4 763	5 062
4.6 - FX001002007 - Cultural Matters (Community and Social Services)	–	–	–	–	–	–	3 483	3 703	3 923
4.7 - FX013001001 - Beaches and Jetties (Community and Social Services)	10 899	11 720	13 479	17 508	16 492	16 492	18 169	19 370	20 671
4.8 - FX013001002 - Community Parks (including Nurseries) (Sport and Recreation)	42 353	45 235	51 510	61 608	62 114	62 114	70 795	75 869	81 431
4.9 - FX013002003001 - Recreational Facilities - Caravan Park (Sport and Recreation)	45	45	–	48	48	48	–	–	–
4.10 - FX013002003002 - Recreational Facilities - Parks Administration (Sport and Recreation)	8 451	7 885	9 261	10 625	10 007	10 007	10 357	11 203	12 056
4.11 - FX013002003003 - Recreational Facilities - Swimming Pools (Sport and Recreation)	13 144	13 535	17 822	22 411	22 252	22 252	25 549	27 243	28 996
4.12 - FX013002004001 - Sport Development and Sportfields (Sport and Recreation)	18 982	19 755	24 648	29 578	31 093	31 093	31 928	34 029	36 353
4.13 - FX013002004002 - Sports Grounds and Stadiums -Stadiums (Sport and Recreation)	128	435	4 040	412	405	405	4 211	4 495	4 784
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	103 320	111 469	(6 095)	10 525	20 894	20 894	11 813	15 208	18 812
5.1 - FX001001005003 - Municipal Buildings (Community and Social Services)	19 500	19 478	(13 560)	(1 261)	3 280	3 280	1 023	2 050	2 978
5.2 - FX004001001001 - Mayor and Council (Executive and Council)	62 425	67 852	847	538	7 332	7 332	653	352	377
5.3 - FX005001001 - Administrative and Corporate Support (Finance and Administration)	19 594	17 478	(1 237)	1 280	1 232	1 232	484	507	528
5.4 - FX005001008 - Legal Services (Finance and Administration)	–	3 984	4 346	5 928	5 195	5 195	6 180	7 294	8 409
5.5 - FX005001010 - Property Services (Finance and Administration)	1 126	1 120	1 698	1 742	1 714	1 714	2 017	2 788	3 552
5.6 - FX009001002 - Air Transport (Other)	675	681	120	807	807	807	115	123	132
5.7 - FX009001004 - Licensing and Regulation (Other)	–	877	1 692	1 491	1 335	1 335	1 342	2 094	2 836

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure by Vote									
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	37 965	33 773	2 834	3 881	17 015	17 015	4 659	5 050	5 443
6.1 - FX005001007 - Information Technology (Finance and Administration)	37 965	33 773	2 834	3 881	17 015	17 015	4 659	5 050	5 443
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	22 500	17 435	3 675	4 059	6 513	6 513	4 556	4 939	5 328
7.1 - FX005001006001 - Human Resources (Finance and Administration)	6 911	6 917	651	742	1 779	1 779	836	906	975
7.2 - FX005001006002 - Management Services (Finance and Administration)	1 316	1 488	1 894	2 180	2 289	2 289	2 367	2 574	2 785
7.3 - FX005001006004 - Training and Industrial Relations (Finance and Administration)	14 273	9 029	1 131	1 138	2 445	2 445	1 352	1 460	1 568
Vote 8 - FINANCIAL SERVICES	102 642	100 706	15 776	16 855	19 268	19 268	22 184	23 793	25 422
8.1 - FX005001003001 - Financial Management Grant Interns (Finance and Administration)	1 431	1 485	2 444	2 650	2 531	2 531	2 650	2 650	2 650
8.2 - FX005001003002 - Revenue and Expenditure (Finance and Administration)	89 519	78 240	5 316	5 817	7 549	7 549	10 197	11 078	11 971
8.3 - FX005001004 - Finance (Finance and Administration)	327	7 895	7 455	6 259	6 634	6 634	6 689	7 207	7 738
8.4 - FX005001013 - Supply Chain Management (Finance and Administration)	11 365	12 018	(687)	751	1 127	1 127	948	1 018	1 089
8.5 - FX005002001 - Asset Management (Finance and Administration)	–	1 068	1 249	1 378	1 427	1 427	1 701	1 840	1 974
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 151 739	1 151 797	1 356 159	1 286 063	1 163 977	1 163 977	1 265 498	1 332 219	1 421 322
9.1 - FX002001001001 - Marketing and Customer relations (Energy Sources)	11 419	12 323	13 643	20 721	20 540	20 540	22 975	24 755	26 542
9.2 - FX002001001002 - Administration (Energy Sources)	953 408	912 413	1 159 932	1 061 941	953 374	953 374	1 044 124	1 089 351	1 152 776
9.3 - FX002001001004 - Electricity Distribution (Energy Sources)	99 745	115 416	121 301	139 313	141 470	141 470	151 759	166 158	183 605
9.4 - FX002001001005 - Electricity Planning (Energy Sources)	1 657	–	–	7 205	8 077	8 077	7 989	8 585	9 224
9.5 - FX002001002001 - Street Lighting (Energy Sources)	12 580	12 190	–	34 452	38 571	38 571	39 808	43 342	47 194
9.6 - FX002001002002 - Process Control Systems (Energy Sources)	10 200	14 056	–	22 622	22 151	22 151	25 993	27 687	29 407
9.7 - FX005001005 - Fleet Management (Finance and Administration)	62 730	85 398	61 283	(190)	(20 207)	(20 207)	(27 150)	(27 658)	(27 425)

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure by Vote									
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	537 098	531 481	672 503	675 834	688 239	688 239	718 550	763 973	818 646
10.1 - FX015001002001 - Sewerage - Industrial Effluent Pipeline (Waste Water Management)	1 562	394	709	1 645	1 645	1 645	799	858	975
10.2 - FX015001002002 - Sewerage - Pumpstations (Waste Water Management)	26 684	27 987	38 340	41 007	43 442	43 442	39 794	44 311	47 481
10.3 - FX015001002003 - Sewerage - Sewerage Network (Waste Water Management)	47 767	85 451	114 755	124 425	100 162	100 162	136 318	143 850	158 504
10.4 - FX015001004 - Treatment (Waste Water Management)	32 254	35 460	35 533	53 850	46 469	46 469	63 686	67 676	71 617
10.5 - FX016001002004 - Water Distribution (Clarified Water)	14 043	19 711	–	16 756	16 756	16 756	15 216	16 136	17 149
10.6 - FX016001002005 - Water Distribution (Purification Works)	177 691	163 077	–	190 102	208 665	208 665	190 337	201 429	212 421
10.7 - FX016001001003 - Water Treatment - Scientific Services (Water Management)	16 112	16 346	23 439	27 511	27 592	27 592	28 213	30 634	33 057
10.8 - FX016001002001 - Water Distribution - Rural Water (Water Management)	26 382	53 083	75 083	47 939	66 171	66 171	55 812	59 064	62 638
10.9 - FX016001002002 - Water Distribution - Urban Water (Water Management)	190 498	125 278	189 416	166 641	170 880	170 880	180 990	187 854	197 959
10.10 - FX016001002003 - Water Distribution - Water Demand Management (Water Management)	4 105	4 693	195 228	5 959	6 457	6 457	7 385	12 161	16 845
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	183 350	192 167	206 623	245 528	254 150	254 150	251 950	269 354	288 404
11.1 - FX012001004001 - Roads - Railway Sidings (Road Transport)	1 099	903	1 165	1 343	1 242	1 242	1 405	1 478	1 549
11.2 - FX012001004002 - Roads - Urban Roads (Road Transport)	127 017	141 926	117 818	163 712	164 819	164 819	146 774	158 034	170 502
11.3 - FX012001004003 - Roads - Rural Roads (Road Transport)	16 491	43 205	50 692	55 755	62 634	62 634	60 591	65 063	69 811
11.4 - FX015001003 - Storm Water Management (Waste Water Management)	38 744	6 133	36 948	24 719	25 455	25 455	43 181	44 779	46 542

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure by Vote									
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	35 775	40 295	36 631	44 113	43 642	43 642	42 085	45 323	48 894
12.1 - FX001001005001 - Buildings Maintenance (Community and Social Services)	8 099	10 541	13 680	14 963	15 336	15 336	16 595	18 211	19 904
12.2 - FX010001007001 - Project Management Unit - Administration (Planning and Development)	9 045	3 059	4 817	6 674	6 505	6 505	7 628	8 212	8 801
12.3 - FX010001007002 - Project Management Unit - Asset Management (Planning and Development)	–	7 652	8 382	11 753	11 498	11 498	12 768	13 800	14 835
12.4 - FX010001007003 - Project Management Unit - Expanded Public Works Programme (Planning and Development)	1 896	2 955	5 061	4 143	4 143	4 143	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	23 436	35 325	83 355	35 046	36 178	36 178	33 790	39 608	45 477
13.1 - FX004001002001 - DMM - Corporate Services (Executive and Council)	–	2 118	2 497	2 795	2 994	2 994	3 161	3 409	3 665
13.2 - FX004001002002 - DMM - ITS (Executive and Council)	–	6 020	2 238	4 756	4 194	4 194	4 630	4 994	5 366
13.3 - FX004001002003 - DMM - City Development (Executive and Council)	–	2 532	2 469	2 870	2 994	2 994	3 127	3 373	3 623
13.4 - FX004001002004 - DMM - Community Services (Executive and Council)	–	2 145	1 480	2 770	2 552	2 552	2 959	3 189	3 426
13.5 - FX004001002005 - Municipal Manager (Executive and Council)	12 675	2 978	(799)	–	(488)	(488)	–	–	–
13.6 - FX004001002006 - Municipal Demarcation Transition Grant (Executive and Council)	–	–	6 314	3 424	5 947	5 947	–	–	–
13.7 - FX004001002007 - Performance Management (Executive and Council)	–	1 750	21 838	3 191	3 036	3 036	3 186	4 068	4 943
13.8 - FX005001009 - Marketing, Customer Relations, Publicity and Media Co-ordination (Finance and Administration)	8 079	9 442	27 807	12 332	12 203	12 203	9 228	10 506	11 765
13.9 - FX004001002008 - DMM - Chief Operations Officer	–	–	–	–	–	–	4 126	5 727	7 330
13.10 - FX005001011 - Risk Management (Finance and Administration)	–	1 028	20 282	1 319	1 362	1 362	1 439	2 192	2 937
Total Expenditure by Vote	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/(Deficit) for the year	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063

Table 26 Surplus/ (Deficit) calculations for the trading services

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Electricity and Energy Sources									
Total revenue (incl capital grants and transfers)	1 368 976	1 354 718	1 532 818	1 538 668	1 392 391	1 392 391	1 590 982	1 683 545	1 801 480
Operating Expenditure	1 089 010	1 066 399	1 294 876	1 286 254	1 184 184	1 184 184	1 292 648	1 359 878	1 448 748
Surplus/(Deficit) for the year	279 966	288 319	237 943	252 415	208 207	208 207	298 334	323 667	352 732
Percentage Surplus	20.5%	21.3%	15.5%	16.4%	15.0%	15.0%	18.8%	19.2%	19.6%
Water									
Total revenue (incl capital grants and transfers)	316 171	328 195	438 419	436 748	438 395	438 395	469 247	501 634	544 279
Operating Expenditure	428 830	382 189	483 166	454 907	496 521	496 521	477 952	507 278	540 069
Surplus/(Deficit) for the year	(112 660)	(53 994)	(44 747)	(18 160)	(58 126)	(58 126)	(8 705)	(5 644)	4 210
Percentage Surplus	(35.6%)	(16.5%)	(10.2%)	(4.2%)	(13.3%)	(13.3%)	(1.9%)	(1.1%)	0.8%
Waste water management									
Total revenue (incl capital grants and transfers)	197 167	179 317	192 242	217 769	218 957	218 957	241 853	262 413	284 860
Operating Expenditure	147 943	156 426	228 704	247 692	219 459	219 459	289 067	307 089	330 983
Surplus/(Deficit) for the year	49 224	22 891	(36 462)	(29 922)	(502)	(502)	(47 214)	(44 676)	(46 123)
Percentage Surplus	25.0%	12.8%	-19.0%	-13.7%	-0.2%	-0.2%	(19.5%)	(17.0%)	(16.2%)
Waste management									
Total revenue (incl capital grants and transfers)	102 620	114 476	125 045	135 006	153 166	153 166	145 652	157 144	169 526
Operating Expenditure	70 288	72 676	95 230	126 863	144 207	144 207	164 506	170 446	182 753
Surplus/(Deficit) for the year	32 333	41 800	29 815	8 143	8 960	8 960	(18 854)	(13 302)	(13 227)
Percentage Surplus	31.5%	36.5%	23.8%	6.0%	5.8%	5.8%	(12.9%)	(8.5%)	(7.8%)

1. It needs to be noted that surpluses/deficits reflected above **exclude** capital revenues (Transfers recognised – capital), which shows the real picture of the actual operational surpluses for all trading services.
2. The electricity trading surplus is fairly constant over the 2018/19 MTREF from 18.8 per cent or R298 million in 2018/19 to 19.2 per cent by 2019/20.
3. The deficit on the water account amounts to R 8.7 million (1.9 per cent) in the 2018/19 financial year and improves slightly to a surplus of R 4.2 million in 2020/21. The challenge here is that based on the fact that the bulk of the costs are fixed, the Water Service which is a trading service and meant to be making a surplus is now making a deficit. The Administration has to look at cutting costs in this service to make it self-sustaining.
4. The deficit of R 47.2 million on Waste Water Management is of concern and efforts will need to be made to reduce this deficit in the coming MTREF by reducing costs therefore the introduction of more efficient and effective operations.
5. Furthermore, of concern is that Waste Management that has been consistently making surpluses during the previous financial years, is expected to make a deficit in the 2018/19 MTREF. This is as a result of business consumers electing to make use of private waste disposal contractors instead of Council services. The Administration needs to look at means of attracting these consumers back, or to reduce costs in this service to make it self-sustaining.

6. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and used to cross-subsidise other municipal services.

Table 27 Surplus/ (Deficit) calculations for other services

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Governance and administration									
Total revenue (incl capital grants and transfers)	411 941	425 314	546 706	516 755	519 234	519 234	549 465	580 944	614 288
Operating Expenditure	351 129	375 003	182 999	79 600	85 516	85 516	61 001	71 903	83 923
Surplus/(Deficit) for the year	60 812	50 311	363 708	437 156	433 719	433 719	488 464	509 041	530 365
Percentage Surplus	14.8%	11.8%	66.5%	84.6%	83.5%	83.5%	88.9%	88.9%	87.6%
Community and public safety									
Total revenue (incl capital grants and transfers)	8 127	17 749	21 200	15 386	19 462	19 462	19 373	20 315	21 400
Operating Expenditure	195 358	212 613	232 214	283 719	290 825	290 825	324 639	351 876	380 289
Surplus/(Deficit) for the year	(187 232)	(194 865)	(211 015)	(268 333)	(271 363)	(271 363)	(305 266)	(331 561)	(358 889)
Percentage Surplus/ (Deficit)	(2303.9%)	(1097.9%)	(995.4%)	(1744.0%)	(1394.3%)	(1394.3%)	(1575.7%)	(1575.7%)	(1632.1%)
Economic and environmental services									
Total revenue (incl capital grants and transfers)	107 438	54 832	43 868	30 267	27 441	27 441	33 753	29 791	31 593
Operating Expenditure	296 568	304 993	297 749	377 736	387 792	387 792	382 792	413 275	446 910
Surplus/(Deficit) for the year	(189 130)	(250 161)	(253 881)	(347 469)	(360 352)	(360 352)	(349 039)	(383 484)	(415 316)
Percentage Surplus/ (Deficit)	(176.0%)	(456.2%)	(578.7%)	(1148.0%)	(1313.2%)	(1313.2%)	(1034.1%)	(1034.1%)	(1287.2%)
Housing									
Total revenue (incl capital grants and transfers)	9 561	18 798	3 278	4 131	4 190	4 190	3 804	4 066	4 382
Operating Expenditure	8 971	22 964	13 203	19 319	17 617	17 617	17 810	19 055	20 338
Surplus/(Deficit) for the year	590	(4 166)	(9 926)	(15 188)	(13 427)	(13 427)	(14 006)	(14 989)	(15 956)
Percentage Surplus/ (Deficit)	6.2%	(22.2%)	(302.8%)	(367.7%)	(320.5%)	(320.5%)	(368.3%)	(368.3%)	(368.6%)
Other									
Total revenue (incl capital grants and transfers)	557	404	638	711	705	705	744	782	1 821
Operating Expenditure	675	3 353	6 048	6 655	6 805	6 805	6 082	7 190	8 285
Surplus/(Deficit) for the year	(118)	(2 949)	(5 410)	(5 944)	(6 100)	(6 100)	(5 337)	(6 408)	(6 465)
Percentage Surplus/ (Deficit)	(21.2%)	(729.6%)	(848.5%)	(836.5%)	(865.0%)	(865.0%)	(717.0%)	(717.0%)	(819.9%)
Consolidated Surplus/(Deficit) for the year	(315 077)	(401 830)	(116 523)	(199 778)	(217 523)	(217 523)	(185 184)	(227 402)	(266 262)

1. This table highlights the extent of cross-subsidisation from the trading services to the Community and public safety, Economic and environmental and Housing services.
2. The major concern here is that all services other than one of the trading services are now running at an R 185 million deficit. This implies that the whole Municipality has a high risk dependency on Electricity Revenue, given that Water, Sanitation and Waste Management trading services all have deficits.
3. Although Council has received Level II Accreditation, the subsidisation of Housing services can be construed as an “unfunded” mandate.

Table 28 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source									
Property rates	336 507	371 074	397 694	452 872	445 589	445 589	474 453	501 849	531 960
Service charges - electricity revenue	1 342 514	1 330 889	1 515 882	1 535 234	1 378 874	1 378 874	1 579 530	1 671 088	1 787 953
Service charges - water revenue	195 306	235 785	336 986	309 064	310 516	310 516	337 842	357 411	386 049
Service charges - sanitation revenue	75 579	79 788	82 058	92 006	93 197	93 197	99 625	105 398	111 722
Service charges - refuse revenue	61 671	68 478	73 883	76 575	94 737	94 737	80 372	85 029	89 955
Rental of facilities and equipment	9 471	9 024	8 301	8 008	8 008	8 008	8 449	8 871	9 347
Interest earned - external investments	27 558	32 411	60 875	40 000	50 059	50 059	55 000	58 000	60 000
Interest earned - outstanding debtors	1 659	2 221	3 212	3 171	3 221	3 221	3 398	3 568	3 782
Fines, penalties and forfeits	56 700	14 461	17 190	4 392	3 542	3 542	4 087	4 292	4 506
Licences and permits	1 601	3 305	3 701	3 609	3 609	3 609	3 808	3 998	4 198
Agency services	6 726	6 250	6 595	7 390	7 390	7 390	7 797	8 186	8 677
Transfers and subsidies	245 789	270 170	284 193	326 359	328 710	328 710	356 638	386 385	426 009
Other revenue	140 107	54 395	112 276	36 759	46 488	46 488	43 875	46 558	49 470
Total Revenue (excluding capital transfers and contributions)	2 522 558	2 493 803	2 904 214	2 895 441	2 773 941	2 773 941	3 054 874	3 240 633	3 473 628
Expenditure By Type									
Employee related costs	598 426	635 594	644 245	728 269	716 066	716 066	812 123	881 891	964 278
Remuneration of councillors	22 622	23 891	25 542	29 147	29 533	29 533	31 881	34 273	36 845
Debt impairment	78 710	36 646	8 891	26 388	26 388	26 388	26 513	28 103	29 790
Depreciation & asset impairment	339 935	351 346	352 389	376 848	376 848	376 848	376 066	408 532	446 488
Finance charges	71 171	58 694	68 940	73 401	73 401	73 401	67 884	70 846	79 421
Bulk purchases	1 078 917	1 025 277	1 173 350	1 041 774	933 178	933 178	1 000 945	1 041 966	1 101 044
Other materials	156 862	103 488	97 320	103 441	103 521	103 521	114 233	121 087	127 746
Contracted services	98 665	228 681	298 686	290 761	295 182	295 182	312 731	331 867	351 554
Transfers and subsidies	4 357	18 149	9 319	11 729	12 161	12 161	12 534	13 286	14 016
Other expenditure	138 791	112 555	154 209	200 987	266 647	266 647	261 588	276 140	291 116
Total Expenditure	2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/(Deficit)	(66 215)	(102 813)	70 025	12 697	(58 985)	(58 985)	38 377	32 644	31 331
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	211 796	222 338	143 210	147 305	147 739	147 739	129 224	165 728	176 733
Surplus/(Deficit) after capital transfers & contributions	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063
Surplus/(Deficit) for the year	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R3 billion in 2018/19 and escalates to R3.2 billion by 2019/20 and R3.5 billion by 2020/21. This represents a year-on-year increase of 10.13 per cent for the 2018/19 financial year from the 2017/18 Adjusted Budget and 6 per cent for the 2019/20 financial year and 7 per cent for the 2020/21 financial year.
2. Revenue to be generated from Property Rates is R 474 million in the 2018/19 financial year and increases to R 502 million by 2019/20 which represents 16 per cent of the operating revenue base of the City and therefore remains significant short of funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 16 per cent and 17 per cent for the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R3 billion for the 2018/19 financial year and increasing to R3.4 billion by 2020/21. For the 2018/19 financial year services charges amount to 69 per cent of the total revenue base, however **no** economic growth has been built into these revenue figures. The growth that is reflected here is mainly be attributed to the increase tariffs to compensate for increase in expenditure.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real term the grants receipts from national government having only increased marginally over the MTREF by 8.5 per cent and 8.34 per cent and 10.25 per cent for the two outer years.
5. The following graph illustrates the major expenditure items per type.

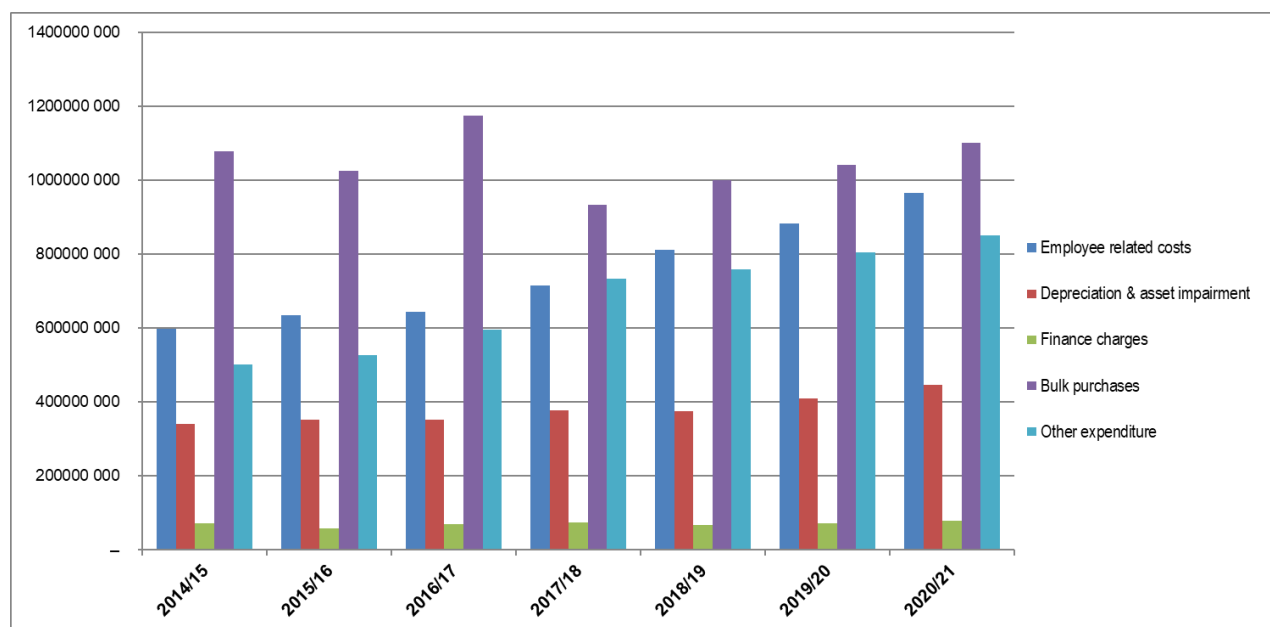


Figure 3 Expenditure by major type

Table 29 MBRR Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - CITY DEVELOPMENT	7 063	86 858	12 650	4 797	8 096	8 096	3 326	1 650	1 995
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	10 648	8 092	13 024	2 610	21 067	21 067	798	1 100	1 166
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	2 498	1 898	–	600	250	250	–	–	–
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	16 621	27 725	25 165	2 780	8 700	8 700	11 190	18 243	18 872
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	48	1 285	9 682	31 013	29 697	29 697	43 073	8 380	16 415
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	2 018	16 063	49 093	32 450	46 748	46 748	67 954	11 527	14 263
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	64	–	–	–	–	–	–	–	–
Vote 8 - FINANCIAL SERVICES	–	11	–	441	330	330	354	393	448
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	35 693	18 112	19 187	80 242	37 704	37 704	76 523	90 317	96 053
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	185 107	160 073	140 968	155 771	158 561	158 561	115 396	151 993	185 026
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	10 880	11 259	123 061	68 438	61 857	61 857	112 972	98 500	94 500
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	–	–	–	–	–	–	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	38	–	–	–	1 297	1 297	427	1 902	624
Capital multi-year expenditure sub-total	270 679	331 376	392 830	379 141	374 307	374 307	432 013	384 005	429 362

Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote									
Single-year expenditure to be appropriated									
Vote 1 - CITY DEVELOPMENT	152	938	457	–	3 250	3 250	–	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	2 732	2 139	2 393	2 015	8 382	8 382	2 459	3 360	3 491
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	24	–	383	–	250	250	315	340	454
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	20 215	4 526	791	18 928	19 691	19 691	19 942	23 223	25 448
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	3 746	4 290	4 129	11 720	6 353	6 353	6 216	4 216	5 010
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	21 324	59	2 542	11 303	17 439	17 439	4 416	4 000	6 250
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	18	1	–	–	–	–	–	–	–
Vote 8 - FINANCIAL SERVICES	43	394	182	–	122	122	–	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	78 767	41 570	80 769	57 296	115 408	115 408	38 017	67 888	59 087
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	46 616	8 220	22 979	18 900	2 434	2 434	1 500	25 237	827
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	9 038	268	–	21 772	21 773	21 773	20 083	19 661	20 705
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	9	–	454	–	915	915	200	70	77
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	1 008	–	–	180	180	180	–	–	–
Capital single-year expenditure sub-total	183 694	62 405	115 079	142 114	196 198	196 198	93 148	147 994	121 349
Total Capital Expenditure - Vote	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional									
Governance and administration	28 290	57 206	81 039	106 199	126 644	126 644	102 236	75 552	71 736
Executive and council	1 142	–	182	119	119	119			
Finance and administration	43	148	80 857	106 080	126 525	126 525	102 236	75 552	71 736
Internal audit	27 104	57 058	–	–	–	–			
Community and public safety	57 466	136 016	72 544	48 897	70 964	70 964	80 981	54 711	66 326
Community and social services	41 776	16 382	24 017	32 374	45 551	45 551	55 463	19 013	28 957
Sport and recreation	178	22 831	20 564	16 248	18 770	18 770	24 958	35 049	36 788
Public safety	10 883	6 253	17 433	275	6 642	6 642	559	650	581
Housing	–	86 815	9 576	–	–	–	–	–	–
Health	4 630	3 736	954	–	–	–	–	–	–
Economic and environmental services	89 638	11 542	126 626	106 846	117 493	117 493	137 876	122 733	119 275
Planning and development	9 803	16	3 531	15 297	13 558	13 558	3 953	3 622	2 696
Road transport	79 835	11 526	123 095	90 810	103 195	103 195	133 723	118 901	116 176
Environmental protection	–	–	–	740	740	740	200	210	403
Trading services	278 979	187 690	227 700	259 313	255 404	255 404	204 068	279 003	293 374
Energy sources	115 531	17 822	60 270	82 142	91 917	91 917	85 472	99 273	105 014
Water management	685	115 923	104 593	93 633	82 506	82 506	68 773	111 169	118 326
Waste water management	160 124	52 450	59 354	81 038	78 490	78 490	48 123	66 061	67 527
Waste management	2 640	1 495	3 484	2 500	2 492	2 492	1 700	2 500	2 507
Other	–	1 327	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712
Funded by:									
National Government	198 133	136 565	125 534	147 305	147 739	147 739	121 374	157 485	168 078
Provincial Government	13 663	85 773	10 365	–	–	–	7 850	8 243	8 655
District Municipality	–	–	5 625	–	–	–	–	–	–
Transfers recognised - capital	211 796	222 338	141 524	147 305	147 739	147 739	129 224	165 728	176 733
Public contributions & donations	3 628	4 740	1 686	–	–	–	–	–	–
Borrowing	147 302	96 520	204 961	100 000	109 969	109 969	310 000	–	310 000
Internally generated funds	91 647	70 183	159 738	273 950	312 798	312 798	85 937	366 271	63 979
Total Capital Funding	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, functional classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by functional classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2018/19 R432 million has been allocated of the total R525.1 million capital budget, which totals 82 per cent. This allocation decreases to R 384 million in 2019/20 and then increases to R 429.3 million in 2020/21.
3. Single-year capital expenditure has been appropriated at R 93.1 million for the 2018/19 financial year and reduces slightly over the MTREF to levels of R 148 million and R 121.3 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2018/19, capital transfers totals R 129.2 million (25 per cent) and increases to R 165.7 million in the 2019/20 financial year (31 per cent). Borrowing has been provided at R 620 million over the MTREF with internally generated funding totaling R 85.9 million, R 366.2 million and R 63.9 million for each of the respective financial years of the MTREF.

Table 30 MBRR Table A5A - Budgeted Capital Expenditure by vote, Municipal classification

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 1 - CITY DEVELOPMENT	7 063	86 858	12 650	4 797	8 096	8 096	3 326	1 650	1 995
1.1 - FX005001014 - Valuation Service (Finance and Administration)	–	–	–	–	–	–	–	–	–
1.2 - FX007001001 - Housing (Housing)	–	86 815	9 576	–	–	–	–	–	–
1.3 - FX009002006 - Tourism (Other)	–	–	–	–	–	–	–	–	–
1.4 - FX010001002 - Corporate Wide Strategic Planning (IDPs, LEDs) (Planning and Development)	1 907	–	–	1 297	–	–	–	–	–
1.5 - FX010001004 - Development Facilitation (Planning and Development)	–	43	–	–	–	–	–	–	–
1.6 - FX010001005 - Economic Development/Planning (Planning and Development)	5 156	–	3 074	3 500	8 096	8 096	3 326	1 650	1 995
1.7 - FX010001006 -Town Planning, Building Regulations and Enforcement, and City Engineer (Planning and Development)	–	–	–	–	–	–	–	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	10 648	8 092	13 024	2 610	21 067	21 067	798	1 100	1 166
2.1 - FX001002008 - Disaster Management (Community and Social Services)	–	–	–	–	–	–	–	–	–
2.2 - FX003001003 - Pollution Control (Environmental Protection)	–	–	–	–	–	–	–	–	–
2.3 - FX005001006003 - Occupational Clinic (Finance and Administration)	4 601	3 496	591	1 110	510	510	444	700	649
2.4 - FX011001005 - Fire Fighting and Protection (Public Safety)	–	–	5 910	–	–	–	–	–	–
2.5 - FX012001005 - Taxi Ranks (Road Transport)	–	–	4 996	–	19 065	19 065	354	400	517
2.6 - FX014001003 - Solid Waste Removal (Waste Management)	6 047	4 595	1 526	1 500	1 492	1 492	–	–	–
2.7 - FX014001004 - Street Cleansing (Waste Management)	–	–	–	–	–	–	–	–	–
2.8 - FX015001001 - Public Toilets (Waste Water Management)	–	–	–	–	–	–	–	–	–
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	2 498	1 898	–	600	250	250	–	–	–
3.1 - FX005001012 - Security Services (Finance and Administration)	–	–	–	–	–	–	–	–	–
3.2 - FX012001001 - Police Forces, Traffic and Street Parking Control (Road Transport)	–	–	–	–	–	–	–	–	–
3.3 - FX012002001 - Road and Traffic Regulation (Road Transport)	2 498	1 898	–	600	250	250	–	–	–

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	16 621	27 725	25 165	2 780	8 700	8 700	11 190	18 243	18 872
4.1 - FX013001003 - Cemeteries, Funeral Parlours and Crematoriums (Community and Social Services)	1 299	636	–	–	–	–	–	–	–
4.2 - FX001001005002 - Halls (Community and Social Services)	381	5 431	4 920	–	1 906	1 906	–	–	–
4.3 - FX001001006001- Libraries and Archives (Community and Social Services)	3 902	1 841	43	–	177	177	–	–	–
4.4 - FX001001006002 - Cyber Cadets (Community and Social Services)	–	–	–	–	–	–	–	–	–
4.5 - FX001001008 - Museums and Art Galleries (Community and Social Services)	–	–	–	–	–	–	–	–	–
4.6 - FX001002007 - Cultural Matters (Community and Social Services)	–	–	–	–	–	–	–	–	–
4.7 - FX013001001- Beaches and Jetties (Community and Social Services)	845	9 130	1 375	–	–	–	–	–	–
4.8 - FX013001002 - Community Parks (including Nurseries) (Sport and Recreation)	1 354	2 292	3 403	2 000	2 066	2 066	1 440	3 000	2 217
4.9 - FX013002003001 - Recreational Facilities - Caravan Park (Sport and Recreation)	–	–	–	–	–	–	–	–	–
4.10 - FX013002003002 - Recreational Facilities - Parks Administration (Sport and Recreation)	–	–	–	–	–	–	–	–	–
4.11 - FX013002003003 - Recreational Facilities - Swimming Pools (Sport and Recreation)	192	–	–	–	700	700	–	–	–
4.12 - FX013002004001 - Sport Development and Sportfields (Sport and Recreation)	8 648	8 396	15 424	780	3 030	3 030	8 750	12 243	14 155
4.13 - FX013002004002 - Sports Grounds and Stadiums -Stadiums (Sport and Recreation)	–	–	–	–	822	822	1 000	3 000	2 500
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	48	1 285	9 682	31 013	29 697	29 697	43 073	8 380	16 415
5.1 - FX001001005003 - Municipal Buildings (Community and Social Services)	48	761	9 682	30 894	29 578	29 578	43 073	8 380	16 415
5.2 - FX004001001001 - Mayor and Council (Executive and Council)	–	–	–	119	119	119	–	–	–
5.3 - FX005001001 - Administrative and Corporate Support (Finance and Administration)	–	120	–	–	–	–	–	–	–
5.4 - FX005001008 - Legal Services (Finance and Administration)	–	–	–	–	–	–	–	–	–
5.5 - FX005001010 - Property Services (Finance and Administration)	–	–	–	–	–	–	–	–	–
5.6 - FX009001002 - Air Transport (Other)	–	405	–	–	–	–	–	–	–
5.7 - FX009001004 - Licensing and Regulation (Other)	–	–	–	–	–	–	–	–	–

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	2 018	16 063	49 093	32 450	46 748	46 748	67 954	11 527	14 263
6.1 - FX005001007 - Information Technology (Finance and Administration)	2 018	16 063	49 093	32 450	46 748	46 748	67 954	11 527	14 263
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	64	-	-	-	-	-	-	-	-
7.1 - FX005001006001 - Human Resources (Finance and Administration)	24	-	-	-	-	-	-	-	-
7.2 - FX005001006002 - Management Services (Finance and Administration)	-	-	-	-	-	-	-	-	-
7.3 - FX005001006004 - Training and Industrial Relations (Finance and Administration)	40	-	-	-	-	-	-	-	-
Vote 8 - FINANCIAL SERVICES	-	11	-	441	330	330	354	393	448
8.1 - FX005001003001 - Financial Management Grant Interns (Finance and Administration)	-	-	-	-	-	-	-	-	-
8.2 - FX005001003002 - Revenue and Expenditure (Finance and Administration)	-	-	-	441	330	330	354	393	448
8.3 - FX005001004 - Finance (Finance and Administration)	-	-	-	-	-	-	-	-	-
8.4 - FX005001013 - Supply Chain Management (Finance and Administration)	-	11	-	-	-	-	-	-	-
8.5 - FX005002001 - Asset Management (Finance and Administration)	-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	35 693	18 112	19 187	80 242	37 704	37 704	76 523	90 317	96 053
9.1 - FX002001001001 - Marketing and Customer relations (Energy Sources)	-	-	-	-	-	-	-	1 817	1 908
9.2 - FX002001001002 - Administration (Energy Sources)	-	-	-	-	-	-	-	-	-
9.3 - FX002001001004 - Electricity Distribution (Energy Sources)	20 092	15 880	5 940	50 150	27 352	27 352	61 889	64 823	64 414
9.4 - FX002001001005 - Electricity Planning (Energy Sources)	69	-	-	-	-	-	-	-	-
9.5 - FX002001002001 - Street Lighting (Energy Sources)	10 281	1 345	11 099	17 292	10 352	10 352	14 000	18 000	23 650
9.6 - FX002001002002 - Process Control Systems (Energy Sources)	434	-	-	1 500	-	-	634	5 677	6 081
9.7 - FX005001005 - Fleet Management (Finance and Administration)	4 817	887	2 149	11 300	-	-	-	-	-

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	185 107	160 073	140 968	155 771	158 561	158 561	115 396	151 993	185 026
10.1 - FX015001002001 - Sewerage - Industrial Effluent Pipeline (Waste Water Management)	-	-	-	-	-	-	-	-	-
10.2 - FX015001002002 - Sewerage - Pumpstations (Waste Water Management)	1 446	-	-	17 100	9 000	9 000	5 350	7 376	7 376
10.3 - FX015001002003 - Sewerage - Sewerage Network (Waste Water Management)	70 858	44 150	50 147	65 438	69 490	69 490	42 773	45 684	60 151
10.4 - FX015001004 - Treatment (Waste Water Management)	-	-	-	-	-	-	-	-	-
10.5 - FX016001002004 - Water Distribution (Clarified Water)	-	-	-	-	-	-	-	-	-
10.6 - FX016001002005 - Water Distribution (Purification Works)	-	-	-	-	-	-	-	-	-
10.7 - FX016001001003 - Water Treatment - Scientific Services (Water Management)	1 300	-	-	3 500	3 500	3 500	300	3 000	3 000
10.8 - FX016001002001 - Water Distribution - Rural Water (Water Management)	84 736	49 067	15 156	31 633	31 624	31 624	33 473	34 984	36 951
10.9 - FX016001002002 - Water Distribution - Urban Water (Water Management)	25 557	66 761	75 665	33 800	40 527	40 527	29 700	41 948	59 148
10.10 - FX016001002003 - Water Distribution - Water Demand Management (Water Management)	1 210	94	-	4 300	4 420	4 420	3 800	19 000	18 400
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	10 880	11 259	123 061	68 438	61 857	61 857	112 972	98 500	94 500
11.1 - FX012001004001 - Roads - Railway Sidings (Road Transport)	-	-	-	-	-	-	-	-	-
11.2 - FX012001004002 - Roads - Urban Roads (Road Transport)	10 880	11 259	94 393	68 438	61 857	61 857	112 972	98 500	94 500
11.3 - FX012001004003 - Roads - Rural Roads (Road Transport)	-	-	28 668	-	-	-	-	-	-
11.4 - FX015001003 - Storm Water Management (Waste Water Management)	-	-	-	-	-	-	-	-	-

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	-	-	-	-	-	-	-	-	-
12.1 - FX001001005001 - Buildings Maintenance (Community and Social Services)	-	-	-	-	-	-	-	-	-
12.2 - FX010001007001 - Project Management Unit - Administration (Planning and Development)	-	-	-	-	-	-	-	-	-
12.3 - FX010001007002 - Project Management Unit - Asset Management (Planning and Development)	-	-	-	-	-	-	-	-	-
12.4 - FX010001007003 - Project Management Unit - Expanded Public Works Programme (Planning and Development)	-	-	-	-	-	-	-	-	-
12.5 - FX010001007004 - Project Management Unit - Infrastructure Skills Development Grant (Planning and Development)	-	-	-	-	-	-	-	-	-
12.6 - FX010001007005 - Project Management Unit - PMU (Planning and Development)	-	-	-	-	-	-	-	-	-
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	38	-	-	-	1 297	1 297	427	1 902	624
13.1 - FX004001002001 - DMM - Corporate Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.2 - FX004001002002 - DMM - ITS (Executive and Council)	-	-	-	-	-	-	-	-	-
13.3 - FX004001002003 - DMM - City Development (Executive and Council)	-	-	-	-	-	-	-	-	-
13.4 - FX004001002004 - DMM - Community Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.5 - FX004001002005 - Municipal Manager (Executive and Council)	38	-	-	-	-	-	-	-	-
13.6 - FX004001002006 - Municipal Demarcation Transition Grant (Executive and Council)	-	-	-	-	-	-	-	-	-
13.7 - FX004001002007 - Performance Management (Executive and Council)	-	-	-	-	-	-	-	-	-
13.8 - FX005001009 - Marketing, Customer Relations, Publicity and Media	-	-	-	-	-	-	-	-	-
13.9 - FX004001002008 - DMM - Chief Operations Officer	-	-	-	-	-	-	-	-	-
13.10 - FX005001011 - Risk Management (Finance and Administration)	-	-	-	-	-	-	-	-	-
13.11 - FX008001001 -Governance Function (Internal Audit)	-	-	-	-	-	-	-	-	-
13.12 - FX010001001 - Billboards (Planning and Development)	-	-	-	-	1 297	1 297	427	1 902	624
Capital multi-year expenditure sub-total	270 679	331 376	392 830	379 141	374 307	374 307	432 013	384 005	429 362

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 1 - CITY DEVELOPMENT	152	938	457	-	3 250	3 250	-	-	-
1.1 - FX005001014 - Valuation Service (Finance and Administration)	-	-	-	-	-	-	-	-	-
1.2 - FX007001001 - Housing (Housing)	152	-	-	-	-	-	-	-	-
1.3 - FX009002006 - Tourism (Other)	-	-	-	-	-	-	-	-	-
1.4 - FX010001002 - Corporate Wide Strategic Planning (IDPs, LEDs) (Planning and Development)	-	922	-	-	-	-	-	-	-
1.5 - FX010001004 - Development Facilitation (Planning and Deveopment)	-	-	-	-	-	-	-	-	-
1.6 - FX010001005 - Economic Development/Planning (Planning and Development)	-	-	457	-	3 250	3 250	-	-	-
1.7 - FX010001006 -Town Planning, Building Regulations and Enforcement, and City Engineer (Planning and Development)	-	16	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	2 732	2 139	2 393	2 015	8 382	8 382	2 459	3 360	3 491
2.1 - FX001002008 - Disaster Management (Community and Social Services)	-	-	-	-	-	-	-	-	-
2.2 - FX003001003 - Pollution Control (Environmental Protection)	117	962	341	740	740	740	200	210	403
2.3 - FX005001006003 - Occupational Clinic (Finance and Administration)	891	1 025	23	-	-	-	-	-	-
2.4 - FX011001005 - Fire Fighting and Protection (Public Safety)	1 163	-	73	275	6 642	6 642	559	650	581
2.5 - FX012001005 - Taxi Ranks (Road Transport)	86	-	-	-	-	-	-	-	-
2.6 - FX014001003 - Solid Waste Removal (Waste Management)	290	72	1 957	1 000	1 000	1 000	1 700	2 500	2 507
2.7 - FX014001004 - Street Cleansing (Waste Management)	7	-	-	-	-	-	-	-	-
2.8 - FX015001001 - Public Toilets (Waste Water Management)	178	80	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	24	-	383	-	250	250	315	340	454
3.1 - FX005001012 - Security Services (Finance and Administration)	18	-	174	-	-	-	-	-	-
3.2 - FX012001001 - Police Forces, Traffic and Street Parking Control (Road Transport)	-	-	175	-	-	-	215	220	314
3.3 - FX012002001 - Road and Traffic Regulation (Road Transport)	6	-	34	-	250	250	100	120	140

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	20 215	4 526	791	18 928	19 691	19 691	19 942	23 223	25 448
4.1 - FX013001003 - Cemeteries, Funeral Parlours and Crematoriums (Community and Social Services)	–	–	219	900	900	900	641	1 100	1 500
4.2 - FX001001005002 - Halls (Community and Social Services)	3 483	1 158	209	3 700	5 100	5 100	2 196	2 100	3 210
4.3 - FX001001006001- Libraries and Archives (Community and Social Services)	3 835	356	–	1 560	1 538	1 538	2 450	2 802	1 526
4.4 - FX001001006002 - Cyber Cadets (Community and Social Services)	–	–	–	–	–	–	–	–	–
4.5 - FX001001008 - Museums and Art Galleries (Community and Social Services)	1	–	–	–	–	–	245	250	358
4.6 - FX001002007 - Cultural Matters (Community and Social Services)	–	–	–	–	–	–	–	–	–
4.7 - FX013001001- Beaches and Jetties (Community and Social Services)	69	144	–	150	–	–	642	165	938
4.8 - FX013001002 - Community Parks (including Nurseries) (Sport and Recreation)	–	–	177	950	580	580	200	650	400
4.9 - FX013002003001 - Recreational Facilities - Caravan Park (Sport and Recreation)	–	–	–	–	–	–	–	–	–
4.10 - FX013002003002 - Recreational Facilities - Parks Administration (Sport and Recreation)	386	43	–	–	–	–	–	–	–
4.11 - FX013002003003 - Recreational Facilities - Swimming Pools (Sport and Recreation)	881	–	–	900	600	600	1 100	1 200	1 700
4.12 - FX013002004001 - Sport Development and Sportfields (Sport and Recreation)	3 159	2 826	185	10 768	10 973	10 973	12 468	14 956	15 816
4.13 - FX013002004002 - Sports Grounds and Stadiums -Stadiums (Sport and Recreation)	8 402	–	–	–	–	–	–	–	–
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	3 746	4 290	4 129	11 720	6 353	6 353	6 216	4 216	5 010
5.1 - FX001001005003 - Municipal Buildings (Community and Social Services)	3 651	4 290	3 947	11 720	6 353	6 353	6 216	4 216	5 010
5.2 - FX004001001001 - Mayor and Council (Executive and Council)	0	–	182	–	–	–	–	–	–
5.3 - FX005001001 - Administrative and Corporate Support (Finance and Administration)	95	–	–	–	–	–	–	–	–
5.4 - FX005001008 - Legal Services (Finance and Administration)	–	–	–	–	–	–	–	–	–
5.5 - FX005001010 - Property Services (Finance and Administration)	–	–	–	–	–	–	–	–	–
5.6 - FX009001002 - Air Transport (Other)	–	–	–	–	–	–	–	–	–
5.7 - FX009001004 - Licensing and Regulation (Other)	–	–	–	–	–	–	–	–	–

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	21 324	59	2 542	11 303	17 439	17 439	4 416	4 000	6 250
6.1 - FX005001007 - Information Technology (Finance and Administration)	21 324	59	2 542	11 303	17 439	17 439	4 416	4 000	6 250
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	18	1	-	-	-	-	-	-	-
7.1 - FX005001006001 - Human Resources (Finance and Administration)	-	1	-	-	-	-	-	-	-
7.2 - FX005001006002 - Management Services (Finance and Administration)	18	-	-	-	-	-	-	-	-
7.3 - FX005001006004 - Training and Industrial Relations (Finance and Administration)	-	-	-	-	-	-	-	-	-
Vote 8 - FINANCIAL SERVICES	43	394	182	-	122	122	-	-	-
8.1 - FX005001003001 - Financial Management Grant Interns (Finance and Administration)	-	118	97	-	119	119	-	-	-
8.2 - FX005001003002 - Revenue and Expenditure (Finance and Administration)	43	30	13	-	3	3	-	-	-
8.3 - FX005001004 - Finance (Finance and Administration)	-	-	-	-	-	-	-	-	-
8.4 - FX005001013 - Supply Chain Management (Finance and Administration)	-	-	72	-	-	-	-	-	-
8.5 - FX005002001 - Asset Management (Finance and Administration)	-	246	-	-	-	-	-	-	-
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	78 767	41 570	80 769	57 296	115 408	115 408	38 017	67 888	59 087
9.1 - FX002001001001 - Marketing and Customer relations (Energy Sources)	14	-	-	-	-	-	45	51	54
9.2 - FX002001001002 - Administration (Energy Sources)	-	-	-	-	-	-	4	5	7
9.3 - FX002001001004 - Electricity Distribution (Energy Sources)	23 143	1 912	54 157	13 200	54 213	54 213	8 900	8 900	8 900
9.4 - FX002001001005 - Electricity Planning (Energy Sources)	-	-	-	-	-	-	-	-	-
9.5 - FX002001002001 - Street Lighting (Energy Sources)	498	-	2	-	-	-	-	-	-
9.6 - FX002001002002 - Process Control Systems (Energy Sources)	856	30	173	-	-	-	-	-	-
9.7 - FX005001005 - Fleet Management (Finance and Administration)	54 257	39 628	26 437	44 096	61 196	61 196	29 068	58 932	50 126

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	46 616	8 220	22 979	18 900	2 434	2 434	1 500	25 237	827
10.1 - FX015001002001 - Sewerage - Industrial Effluent Pipeline (Waste Water Management)	–	–	–	–	–	–	–	–	–
10.2 - FX015001002002 - Sewerage - Pumpstations (Waste Water Management)	321	–	–	–	–	–	–	–	–
10.3 - FX015001002003 - Sewerage - Sewerage Network (Waste Water Management)	1 553	8 220	9 208	4 000	–	–	–	13 000	–
10.4 - FX015001004 - Treatment (Waste Water Management)	–	–	–	–	–	–	–	–	–
10.5 - FX016001002004 - Water Distribution (Clarified Water)	–	–	–	–	–	–	–	–	–
10.6 - FX016001002005 - Water Distribution (Purification Works)	–	–	–	–	–	–	–	–	–
10.7 - FX016001001003 - Water Treatment - Scientific Services (Water Management)	–	–	–	–	800	800	–	–	–
10.8 - FX016001002001 - Water Distribution - Rural Water (Water Management)	–	–	–	–	34	34	–	–	–
10.9 - FX016001002002 - Water Distribution - Urban Water (Water Management)	44 742	–	13 772	14 900	1 600	1 600	1 500	12 237	827
10.10 - FX016001002003 - Water Distribution - Water Demand Management	–	–	–	–	–	–	–	–	–
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND	9 038	268	–	21 772	21 773	21 773	20 083	19 661	20 705
11.1 - FX012001004001 - Roads - Railway Sidings (Road Transport)	–	–	–	–	–	–	–	–	–
11.2 - FX012001004002 - Roads - Urban Roads (Road Transport)	9 038	268	–	1 000	1 001	1 001	2 300	1 500	1 500
11.3 - FX012001004003 - Roads - Rural Roads (Road Transport)	–	–	–	20 772	20 772	20 772	17 783	18 161	19 205
11.4 - FX015001003 - Storm Water Management (Waste Water Management)	–	–	–	–	–	–	–	–	–

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification (continued)

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	9	-	454	-	915	915	200	70	77
12.1 - FX001001005001 - Buildings Maintenance (Community and Social Services)	-	-	-	-	-	-	-	-	-
12.2 - FX010001007001 - Project Management Unit - Administration (Planning and Development)	9	-	-	-	-	-	-	-	-
12.3 - FX010001007002 - Project Management Unit - Asset Management (Planning and Development)	-	-	454	-	600	600	200	70	77
12.4 - FX010001007003 - Project Management Unit - Expanded Public Works Programme (Planning and Development)	-	-	-	-	-	-	-	-	-
12.5 - FX010001007004 - Project Management Unit - Infrastructure Skills	-	-	-	-	315	315	-	-	-
12.6 - FX010001007005 - Project Management Unit - PMU (Planning and Development)	-	-	-	-	-	-	-	-	-
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	1 008	-	-	180	180	180	-	-	-
13.1 - FX004001002001 - DMM - Corporate Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.2 - FX004001002002 - DMM - ITS (Executive and Council)	-	-	-	-	-	-	-	-	-
13.3 - FX004001002003 - DMM - City Development (Executive and Council)	-	-	-	-	-	-	-	-	-
13.4 - FX004001002004 - DMM - Community Services (Executive and Council)	-	-	-	-	-	-	-	-	-
13.5 - FX004001002005 - Municipal Manager (Executive and Council)	1 008	-	-	-	-	-	-	-	-
13.6 - FX004001002006 - Municipal Demarcation Transition Grant (Executive and Council)	-	-	-	-	-	-	-	-	-
13.7 - FX004001002007 - Performance Management (Executive and Council)	-	-	-	-	-	-	-	-	-
13.8 - FX005001009 - Marketing, Customer Relations, Publicity and Media Co-ordination (Finance and Administration)	-	-	-	-	-	-	-	-	-
13.9 - FX004001002008 - DMM - Chief Operations Officer	-	-	-	-	-	-	-	-	-
13.10 - FX005001011 - Risk Management (Finance and Administration)	-	-	-	180	180	180	-	-	-
13.12 - FX010001001 - Billboards (Planning and Development)	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	183 694	62 405	115 079	142 114	196 198	196 198	93 148	147 994	121 349
Total Capital Expenditure	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

Table 31 MBRR Table A6 - Budgeted Financial Position

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS									
Current assets									
Cash	271 638	172 406	70 116	86 304	116 876	116 876	138 788	122 604	196 619
Call investment deposits	150 000	290 000	645 000	350 000	350 000	350 000	500 000	500 000	750 000
Consumer debtors	251 350	302 656	350 981	409 030	404 721	404 721	456 033	508 858	565 420
Other debtors	61 901	146 772	156 427	32 381	31 734	31 734	33 479	35 153	37 030
Current portion of long-term receivables	44	39	30	44	44	44	34	36	38
Inventory	72 955	67 672	74 768	76 583	76 583	76 583	80 642	84 996	89 671
Total current assets	807 887	979 546	1 297 323	954 342	979 958	979 958	1 208 976	1 251 647	1 638 778
Non current assets									
Long-term receivables	115	72	48	117	117	117	24	25	26
Investment property	125 459	125 125	124 379	124 511	124 511	124 511	124 144	123 976	123 799
Property, plant and equipment	4 817 346	4 857 716	5 230 609	5 217 553	5 280 067	5 280 067	5 515 086	5 633 511	5 732 969
Intangible	6 453	7 132	31 411	32 930	20 202	20 202	89 676	94 636	99 221
Other non-current assets	2 724	2 767	2 767	2 767	2 767	2 767	3 012	3 262	3 620
Total non current assets	4 952 097	4 992 812	5 389 214	5 377 878	5 427 664	5 427 664	5 731 941	5 855 410	5 959 635
TOTAL ASSETS	5 759 984	5 972 358	6 686 537	6 332 220	6 407 622	6 407 622	6 940 917	7 107 057	7 598 413
LIABILITIES									
Current liabilities									
Borrowing	129 687	122 346	155 996	159 365	61 586	61 586	84 326	84 692	102 090
Consumer deposits	43 952	45 197	67 947	46 591	46 591	46 591	52 876	55 940	59 953
Trade and other payables	388 775	552 458	614 938	378 920	534 344	534 344	494 097	500 689	513 639
Provisions	19 998	12 998	13 900	24 185	24 185	24 185	25 878	27 689	29 628
Total current liabilities	582 411	732 999	852 781	609 061	666 706	666 706	657 177	669 010	705 310
Non current liabilities									
Borrowing	471 210	348 100	539 613	380 539	477 671	477 671	608 787	524 095	732 005
Provisions	298 601	341 275	332 532	315 343	315 343	315 343	337 417	361 036	386 309
Total non current liabilities	769 811	689 374	872 144	695 882	793 014	793 014	946 204	885 131	1 118 314
TOTAL LIABILITIES	1 352 222	1 422 374	1 724 925	1 304 943	1 459 720	1 459 720	1 603 381	1 554 142	1 823 624
NET ASSETS	4 407 762	4 549 984	4 961 612	5 027 277	4 947 902	4 947 902	5 337 536	5 552 915	5 774 789
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	4 353 845	4 420 396	4 958 862	4 666 801	4 693 699	4 693 699	4 968 353	5 485 855	5 385 113
Reserves	53 916	129 588	2 750	360 477	254 203	254 203	369 183	67 060	389 677
TOTAL COMMUNITY WEALTH/EQUITY	4 407 762	4 549 984	4 961 612	5 027 277	4 947 902	4 947 902	5 337 536	5 552 915	5 774 789

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 204 to 205 providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 32 MBRR Table A7 - Budgeted Cash Flow Statement

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	338 166	373 295	400 906	434 758	427 766	427 766	464 964	491 812	521 321
Service charges	1 673 840	1 710 852	2 003 818	1 876 238	1 745 664	1 745 664	1 957 076	2 071 284	2 219 738
Other revenue	185 996	94 538	51 247	61 334	69 037	69 037	64 868	61 128	64 418
Government - operating	249 416	267 494	279 992	326 359	328 710	328 710	356 638	373 410	411 236
Government - capital	211 796	225 014	144 868	147 305	151 739	151 739	129 224	157 485	168 077
Interest	27 615	32 465	60 921	41 995	55 275	55 275	58 398	61 568	63 782
Payments									
Suppliers and employees	(2 035 776)	(2 191 024)	(2 393 352)	(2 308 953)	(2 270 873)	(2 270 873)	(2 407 516)	(2 533 438)	(2 708 677)
Finance charges	(71 171)	(58 694)	(68 940)	(67 901)	(73 639)	(73 639)	(67 884)	(70 846)	(79 421)
Transfers and Grants	(4 358)	(18 149)	(9 319)	(11 729)	(12 161)	(12 161)	(12 534)	(13 286)	(14 016)
NET CASH FROM/(USED) OPERATING ACTIVITIES	575 524	435 791	470 138	499 405	421 517	421 517	543 235	599 118	646 458
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	19 000	1 066	3 335	–	4 300	4 300	–	–	–
Decrease (increase) other non-current receivables	41	48	36	–	–	–	–	–	–
Payments									
Capital assets	(452 823)	(310 882)	(507 909)	(499 283)	(525 280)	(525 280)	(525 179)	(530 976)	(547 751)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(433 782)	(309 768)	(504 538)	(499 283)	(520 980)	(520 980)	(525 179)	(530 976)	(547 751)

Table A7 - Budgeted Cash Flow Statement (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Borrowing long term/refinancing	–	–	385 500	–	–	–	310 000	–	310 000
Increase (decrease) in consumer deposits	956	45 197	67 947	–	7 219	7 219	–	–	–
Payments									
Repayment of borrowing	(125 569)	(130 451)	(166 337)	(155 996)	(155 996)	(155 996)	(156 144)	(84 326)	(84 692)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(124 613)	(85 254)	287 110	(155 996)	(148 777)	(148 777)	153 856	(84 326)	225 308
NET INCREASE/ (DECREASE) IN CASH HELD	17 129	40 769	252 709	(155 874)	(248 240)	(248 240)	171 912	(16 184)	324 015
Cash/cash equivalents at the year begin:	404 509	421 638	462 406	592 178	715 116	715 116	466 876	638 788	622 604
Cash/cash equivalents at the year end:	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619

Table 33 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Cash and investments available</u>									
Cash/cash equivalents at the year end	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619
Other current investments > 90 days	(0)	0	–	–	–	–	–	–	–
Cash and investments available:	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619
<u>Application of cash and investments</u>									
Unspent conditional transfers	30 959	18 127	10 596	57 838	57 837	57 837	11 629	11 629	11 629
Unspent borrowing	–	–	9 969	–	–	–	46 500	–	46 500
Statutory requirements	(10 182)	(52 772)	(34 246)	(52 772)	(42 688)	(42 688)	(16 949)	(12 262)	(6 929)
Other working capital requirements	48 647	84 208	117 084	(93 080)	67 769	67 769	21 885	(21 507)	(68 625)
Other provisions	19 998	12 998	13 900	24 185	24 185	24 185	25 878	27 689	29 628
Reserves to be backed by cash/investments	53 916	129 588	2 750	360 477	342 957	342 957	369 183	67 060	389 677
Total Application of cash and investments:	143 338	192 150	120 052	296 648	450 060	450 060	458 125	72 609	401 879
Surplus(shortfall)	278 300	270 256	595 064	139 656	16 816	16 816	180 663	549 995	544 740

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the City improved from previous financial years to 2018/19 period and the years thereafter owing directly to a myriad of cash flow interventions introduced over the past years.
4. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R 639 million as at the end of the 2018/19 financial year and increases significantly to R 947 million by 2020/21 as more reliance is being placed on borrowings for capital projects instead of internal funds.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. The surplus improved to R 181 million in the 2018/19 financial year from the deficit of previous financial years namely 2009/10.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 34 MBRR Table A9 - Asset Management

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	82 182	323 454	477 354	334 400	381 527	381 527	351 401	331 780	328 973
Roads Infrastructure	2 282	8 048	128 057	36 272	37 933	37 933	75 214	52 861	45 405
Electrical Infrastructure	15 718	7 933	69 444	23 092	23 366	23 366	28 900	43 717	48 912
Water Supply Infrastructure	974	86 608	91 257	67 033	59 145	59 145	53 173	76 221	77 178
Sanitation Infrastructure	6 114	52 526	59 354	65 638	68 097	68 097	38 473	47 184	49 151
Solid Waste Infrastructure	1 890	3 334	1 526	1 500	1 492	1 492	–	–	–
Information and Communication Infrastructure	–	–	23 869	500	32 452	32 452	2 731	3 000	7 000
Infrastructure	26 977	158 450	373 507	194 035	222 484	222 484	198 492	222 983	227 646
Community Facilities	8 667	16 008	14 254	1 144	25 954	25 954	3 186	4 900	4 534
Sport and Recreation Facilities	421	20 484	20 202	13 118	14 860	14 860	21 118	30 199	33 259
Community Assets	9 088	36 492	34 455	14 262	40 814	40 814	24 304	35 099	37 793
Heritage Assets	–	43	–	–	–	–	–	–	–
Non-revenue Generating	–	405	–	–	–	–	–	–	–
Investment properties	–	405	–	–	–	–	–	–	–
Operational Buildings	22 103	17 995	9 417	22 257	23 155	23 155	38 363	6 818	6 283
Housing	152	86 815	–	–	–	–	–	–	–
Other Assets	22 256	104 810	9 417	22 257	23 155	23 155	38 363	6 818	6 283
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Licences and Rights	3 746	3 185	26 613	40 140	28 917	28 917	60 706	9 677	9 581
Intangible Assets	3 746	3 185	26 613	40 140	28 917	28 917	60 706	9 677	9 581
Computer Equipment	2 867	160	1 244	543	1 249	1 249	570	–	–
Furniture and Office Equipment	115	192	566	1 227	537	537	1 437	155	202
Machinery and Equipment	6 728	10 318	19 275	28 526	11 374	11 374	6 721	9 616	14 842
Transport Assets	10 405	9 398	12 277	33 410	52 997	52 997	20 808	47 432	32 626

Table MBRR Table A9 - Asset Management (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE									
Total Renewal of Existing Assets	372 190	70 327	30 555	129 406	144 081	144 081	158 319	175 680	194 501
<i>Roads Infrastructure</i>	42 191	3 757	–	40 588	32 747	32 747	44 800	42 000	43 300
<i>Storm water Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>	9 309	11 235	1 168	49 050	66 141	66 141	55 889	49 823	49 960
<i>Water Supply Infrastructure</i>	20 994	29 314	10 899	16 200	17 270	17 270	13 300	31 053	37 253
<i>Sanitation Infrastructure</i>	7 710	(77)	–	5 000	3 902	3 902	9 650	18 876	18 076
<i>Solid Waste Infrastructure</i>	114	72	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>	–	–	–	–	–	–	3 500	5 500	4 700
Infrastructure	80 316	44 301	12 067	110 838	120 060	120 060	127 139	147 252	153 289
Community Facilities	92 874	655	412	5 000	7 046	7 046	4 287	5 500	6 236
Sport and Recreation Facilities	21 193	12	–	900	1 627	1 627	900	1 200	1 700
Community Assets	114 067	667	412	5 900	8 673	8 673	5 187	6 700	7 936
Heritage Assets	–	–	–	–	–	–	245	250	358
Operational Buildings	96 932	1 063	4 817	4 227	10 066	10 066	11 797	8 380	16 415
Housing	6 992	–	9 576	5 500	–	–	–	–	–
Other Assets	103 924	1 063	14 393	9 727	10 066	10 066	11 797	8 380	16 415
Licences and Rights	592	–	–	–	827	827	–	–	–
Intangible Assets	592	–	–	–	827	827	–	–	–
Computer Equipment	20 266	2 436	237	–	14	14	5 391	2 703	4 478
Furniture and Office Equipment	946	–	–	541	1 813	1 813	380	260	597
Machinery and Equipment	41 142	19 360	2 735	2 400	2 629	2 629	8 180	10 135	11 428
Transport Assets	10 937	2 500	711	–	–	–	–	–	–

Table MBRR Table A9 - Asset Management (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
CAPITAL EXPENDITURE									
<u>Total Upgrading of Existing Assets</u>	-	-	-	57 450	44 896	44 896	15 441	24 539	27 237
<i>Roads Infrastructure</i>	-	-	-	13 000	12 600	12 600	11 740	23 000	26 500
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	8 000	1 950	1 950	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	800	1 100	1 100	200	737	737
<i>Sanitation Infrastructure</i>	-	-	-	15 000	6 200	6 200	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	3 170	2 490	2 490	-	-	-
Infrastructure	-	-	-	39 970	24 340	24 340	11 940	23 737	27 237
Community Facilities	-	-	-	6 650	8 638	8 638	600	802	-
Sport and Recreation Facilities	-	-	-	780	1 880	1 880	2 901	-	-
Community Assets	-	-	-	7 430	10 518	10 518	3 501	802	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	9 550	8 758	8 758	-	-	-
Other Assets	-	-	-	9 550	8 758	8 758	-	-	-
Licences and Rights	-	-	-	500	500	500	-	-	-
Intangible Assets	-	-	-	500	500	500	-	-	-
Machinery and Equipment	-	-	-	-	780	780	-	-	-
<u>Total Capital Expenditure</u>									
<i>Roads Infrastructure</i>	44 472	11 805	128 057	89 860	83 279	83 279	131 754	117 861	115 205
<i>Electrical Infrastructure</i>	25 027	19 168	70 611	80 142	91 457	91 457	84 789	93 540	98 872
<i>Water Supply Infrastructure</i>	21 967	115 923	102 157	84 033	77 515	77 515	66 673	108 011	115 168
<i>Sanitation Infrastructure</i>	13 824	52 450	59 354	85 638	78 199	78 199	48 123	66 061	67 227
<i>Solid Waste Infrastructure</i>	2 004	3 406	1 526	1 500	1 492	1 492	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	23 869	3 670	34 942	34 942	6 231	8 500	11 700

Table MBRR Table A9 - Asset Management (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
CAPITAL EXPENDITURE									
Infrastructure	107 294	202 751	385 574	344 842	366 883	366 883	337 571	393 973	408 172
Community Facilities	101 541	16 663	14 666	12 794	41 639	41 639	8 073	11 202	10 770
Sport and Recreation Facilities	21 614	20 496	20 202	14 798	18 366	18 366	24 919	31 399	34 959
Community Assets	123 154	37 159	34 867	27 592	60 005	60 005	32 992	42 601	45 729
Heritage Assets	-	43	-	-	-	-	245	250	358
Non-revenue Generating	-	405	-	-	-	-	-	-	-
Investment properties	-	405	-	-	-	-	-	-	-
Operational Buildings	119 036	19 059	14 234	36 034	41 979	41 979	50 160	15 198	22 698
Housing	7 144	86 815	9 576	5 500	-	-	-	-	-
Other Assets	126 180	105 873	23 810	41 534	41 979	41 979	50 160	15 198	22 698
Licences and Rights	4 338	3 185	26 613	40 640	30 245	30 245	60 706	9 677	9 581
Intangible Assets	4 338	3 185	26 613	40 640	30 245	30 245	60 706	9 677	9 581
Computer Equipment	23 133	2 596	1 481	543	1 262	1 262	5 961	2 703	4 478
Furniture and Office Equipment	1 062	192	566	1 768	2 350	2 350	1 817	415	799
Machinery and Equipment	47 870	29 678	22 010	30 926	14 783	14 783	14 901	19 751	26 270
Transport Assets	21 342	11 898	12 988	33 410	52 997	52 997	20 808	47 432	32 626
TOTAL CAPITAL EXPENDITURE - Asset class	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Roads Infrastructure</i>	1 242 245	1 125 261	927 820	1 196 158	1 191 077	1 191 077	1 010 897	1 054 906	1 090 287
<i>Storm water Infrastructure</i>	-	-	244 580	-	-	-	226 920	209 259	191 423
<i>Electrical Infrastructure</i>	415 471	408 118	482 500	508 980	520 295	520 295	564 589	615 633	664 023
<i>Water Supply Infrastructure</i>	1 145 242	1 299 825	1 314 797	1 330 739	1 318 021	1 318 021	1 265 372	1 241 322	1 220 545
<i>Sanitation Infrastructure</i>	619 688	709 183	880 673	743 574	741 734	741 734	912 862	938 754	956 964
<i>Solid Waste Infrastructure</i>	-	-	2 899	5 619	5 611	5 611	1 398	574	324

Table MBRR Table A9 - Asset Management (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Rail Infrastructure</i>	–	–	1 941	–	–	–	1 765	1 590	1 415
<i>Information and Communication Infrastructure</i>	84 128	15 605	23 618	13 747	45 019	45 019	60 416	66 566	75 776
Infrastructure	3 506 774	3 557 992	3 878 829	3 798 815	3 821 756	3 821 756	4 044 220	4 128 605	4 200 759
Community Facilities	183 152	136 424	129 999	162 413	187 028	187 028	160 545	164 457	166 805
Sport and Recreation Facilities	162 418	120 980	170 006	141 175	144 744	144 744	189 312	206 916	227 503
Community Assets	345 570	257 403	300 005	303 588	331 771	331 771	349 857	371 374	394 308
Heritage Assets	2 724	2 767	2 767	2 767	2 767	2 767	3 012	3 262	3 620
Non-revenue Generating	125 459	125 125	124 379	124 511	124 511	124 511	124 144	123 976	123 799
Investment properties	125 459	125 125	124 379	124 511	124 511	124 511	124 144	123 976	123 799
Operational Buildings	588 142	780 413	680 596	681 523	689 268	689 268	732 148	726 362	723 607
Housing	162 447	167 450	175 202	188 239	182 739	182 739	169 320	167 413	165 507
Other Assets	750 588	947 863	855 798	869 762	872 007	872 007	901 468	893 776	889 114
Licences and Rights	6 453	7 132	31 411	30 398	20 202	20 202	89 676	94 636	99 221
Intangible Assets	6 453	7 132	31 411	30 398	20 202	20 202	89 676	94 636	99 221
Computer Equipment	28 229	13 994	22 832	32 711	33 430	33 430	23 033	16 725	11 660
Furniture and Office Equipment	8 123	3 498	10 030	9 412	10 904	10 904	10 914	8 209	5 406
Machinery and Equipment	88 157	38 483	120 773	102 154	93 432	93 432	117 619	119 611	125 962
Transport Assets	89 905	38 483	42 342	104 179	116 767	116 767	67 976	95 212	105 760
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	4 951 982	4 992 740	5 389 166	5 378 298	5 427 548	5 427 548	5 731 918	5 855 385	5 959 609

Table MBRR Table A9 - Asset Management (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE OTHER ITEMS									
<u>Depreciation</u>	339 935	351 346	352 390	376 848	376 848	376 848	376 066	408 532	446 488
<u>Repairs and Maintenance by Asset Class</u>	409 534	369 221	379 822	534 296	535 142	535 142	608 208	648 082	690 742
<i>Roads Infrastructure</i>	2 634	70 826	75 976	91 356	89 069	89 069	95 313	100 991	107 545
<i>Storm water Infrastructure</i>	–	8 918	–	30 794	31 441	31 441	38 687	41 203	43 462
<i>Electrical Infrastructure</i>	17 888	45 546	53 744	122 835	142 047	142 047	160 750	172 375	185 012
<i>Water Supply Infrastructure</i>	619	87 402	81 723	91 027	87 790	87 790	105 918	111 337	117 466
<i>Sanitation Infrastructure</i>	51 931	42 223	34 816	54 242	57 969	57 969	65 303	70 329	75 140
<i>Solid Waste Infrastructure</i>	11	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>	2 897	–	1 385	1 117	1 117	1 117	1 175	1 246	1 315
<i>Information and Communication Infrastructure</i>	15 892	1 293	21	3 043	2 911	2 911	4 095	4 341	4 579
Infrastructure	91 872	256 209	247 665	394 413	412 342	412 342	471 241	501 821	534 520
Community Facilities	97 218	57 322	6 028	6 995	6 810	6 810	88 266	94 328	100 903
Sport and Recreation Facilities	20 800	11 704	53 854	62 740	62 839	62 839	9 927	10 534	11 233
Community Assets	118 018	69 026	59 882	69 734	69 649	69 649	98 193	104 862	112 136
Operational Buildings	112 561	19 922	24 940	17 124	15 517	15 517	299	321	344
Housing	162	199	157	540	540	540	598	664	737
Other Assets	112 722	20 121	25 097	17 663	16 057	16 057	897	985	1 081
Computer Equipment	–	–	–	798	930	930	–	–	–
Furniture and Office Equipment	–	–	–	28	33	33	616	653	689
Machinery and Equipment	17 744	4 449	17 225	17 956	2 428	2 428	1 478	1 567	1 653
Transport Assets	69 177	19 415	29 954	33 705	33 705	33 705	35 784	38 196	40 664
TOTAL EXPENDITURE OTHER ITEMS	749 469	720 567	732 211	911 144	911 990	911 990	984 274	1 056 613	1 137 229

Table MBRR Table A9 - Asset Management (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	81.9%	17.9%	6.0%	35.8%	33.1%	33.1%	33.1%	37.6%	40.3%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	109.5%	20.0%	8.7%	49.6%	50.1%	50.1%	46.2%	49.0%	49.7%
<i>R&M as a % of PPE</i>	8.5%	7.6%	7.3%	10.2%	10.1%	10.1%	11.0%	11.5%	12.0%
<i>Renewal and upgrading and R&M as a % of PPE</i>	16.0%	9.0%	8.0%	13.0%	13.0%	13.0%	14.0%	14.0%	15.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. Although the City will only spend 33.1 per cent of the capital budget on the renewal of existing assets, this is as a result an initiative to promote economic development by the construction of various SMME structures as well as infrastructure for a new housing development.
4. Repairs and maintenance as a per cent age of PPE equates to 11 per cent, this is above the National norm and is encouraging as additional resources are allocated to aging infrastructure.
5. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the City's strategy to address the maintenance backlog.

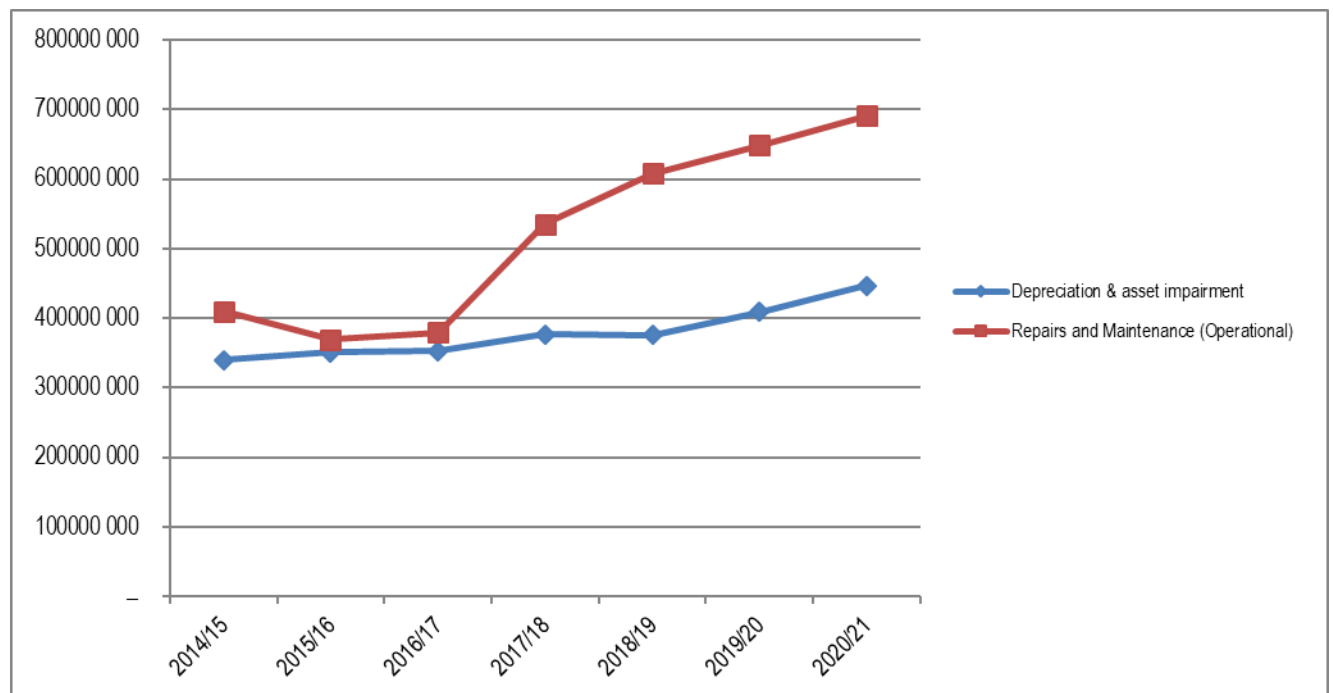


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

Table 35 MBRR Table A10 - Basic Service Delivery Measurement

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)	58 395	58 822	49 665	50 835	50 835	50 835	55 743	55 746	55 749
Sanitation (free minimum level service)	34 168	34 535	38 063	40 695	40 695	40 695	41 201	41 205	41 207
Electricity/other energy (50kwh per household per month)	540	540	545	518	518	518	475	477	479
Refuse (removed at least once a week)	17 456	17 823	18 470	18 594	18 594	18 594	29 049	29 052	29 054
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>									
Water (6 kilolitres per indigent household per month)	56 901	70 373	69 858	89 055	89 055	89 055	128 948	135 395	142 165
Sanitation (free sanitation service to indigent households)	7 987	20 302	18 698	21 537	21 537	21 537	20 039	21 040	22 092
Electricity/other energy (50kwh per indigent household per month)	857	822	921	921	921	921	1 173	1 231	1 293
Refuse (removed once a week for indigent households)	20 282	15 267	16 271	14 943	20 182	20 182	23 192	24 351	25 569
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	–	–	–	–	–	–	–	–	–
Total cost of FBS provided	86 027	106 764	105 749	126 456	131 695	131 695	173 350	182 018	191 119
<u>Highest level of free service provided per household</u>									
Property rates (R value threshold)	110 000	110 000	120 000	120 000	120 000	120 000	120 000	120 000	120 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	20	20	20	20	20	20	20	20	20
Sanitation (Rand per household per month)	135	146	154	165	165	165	165	165	165
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	240	240	240	240	240	240	240	240	240
<u>Revenue cost of subsidised services provided (R'000)</u>									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	30 216	–	3 212	50 915	52 129	52 129	54 057	56 760	59 598
Water (in excess of 6 kilolitres per indigent household per month)	1 480	1 828	3 071	121 226	121 226	121 226	131 997	138 597	145 527
Sanitation (in excess of free sanitation service to indigent households)	2 175	2 270	2 306	5 830	5 830	5 830	5 633	5 915	6 211
Electricity/other energy (in excess of 50 kwh per indigent household per month)	235	255	267	4 776	4 776	4 776	7 555	7 933	8 330
Refuse (in excess of one removal a week for indigent households)	1 576	1 623	1 671	1 192	1 192	1 192	1 612	1 692	1 777
Municipal Housing - rental rebates	–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	35 682	5 976	10 527	183 939	185 153	185 153	200 855	210 897	221 442

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The City continues to make progress with the eradication of backlogs.
3. The budget provides for a universal approach to the provision of free subsidised services to both indigent and poor households for the 2018/19 MTREF.
4. **This Municipality is of the view that following the strict Indigent route of frees basic services for indigent consumers only and ignoring the plight of the poor and less wealthy is not the correct approach in the application of the Equitable Share. Instead equitable distribution that arises from a dual tiered or block tariffs structure accommodating seamless both indigent and poor households, but not providing subsidized (below cost) service tariffs to the middle to higher income consumers would be the most fair and equitable approach.**

Table 36 2018/19 Cross subsidisation versus Free Basic Services**Summary**

Source	Free	Subsidy	Total
Waste	23 191 530	1 611 771	24 803 301
Sanitation	20 038 544	5 633 249	25 671 793
Rates	0	28 122 952	28 122 952
Rates	0	25 934 526	25 934 526
Water	128 947 784	131 997 067	260 944 851
Electricity	1 172 504	7 555 469	8 727 973
Total	173 350 362	200 855 034	374 205 396

5. Cost of Free Basic Services provided - Informal Formal Settlements – After an internal consultation with the Management of the Revenue Section it has been agreed that the cost of Free Basic Services provided for Informal Formal Settlements will be extracted from the Financial System in preparation for the 2018/19 MTREF.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the following Councillors and officials:

- Mayor
- Deputy Mayor
- Speaker
- Municipal Chief Whip
- Municipal Manager
- Chief Financial Officer – Chairperson
- Deputy Municipal Managers
- Any other official on invitation

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled at the Executive Committee the required the budget time schedule on 22 August 2017. The report was adopted by Council on 22 August 2017. Key dates applicable to the process were:

- **August 2017** – Joint strategic planning session of the Financial Services Management team and the Budget Office. Aim: to assess Council's 2016/17 Financial Statements and current year's (2017/18) revised results and capacity, to determine the impact on future strategies and budgets;
- **September 2017** – Issuing of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) guideline memorandum and budget policy document addressing various budget assumptions, internal budget processes, policies and requirements in terms of the Municipal Budgeting and Reporting Regulations etc.;
- **November 2017** - Submission of the Adjusted Capital and Operating Budget for the 2017/18 Medium Term Revenue and Expenditure Framework Plan (MTREF),

analysed according to activities aligned to Council's strategic objectives, as set out in the draft IDP as well as the Capital and Operating Budget for the 2018/19 Medium Term Revenue and Expenditure Framework Plan (MTREF);

- **24 January 2018** - Council considered the 2017/18 Mid-year Review;
- **19 to 20 February 2018** – National Treasury's 2017/18 Mid-year Budget and Performance Assessment Visit;
- **28 February 2018** – Council considered the 2017/18 Adjusted Budget;
- **28 March 2018** - Tabling in Council of the Draft 2018/19 IDP and 2018/19 MTREF for public consultation;
- **April 2018** – Public consultation;
- **5 May 2018** - Closing date for written comments;
- **16 May 2018** – National Treasury's 2018/19 Tabled MTREF Engagement and Municipal Benchmarking Exercise;
- **7 to 18 May 2018** – finalisation of the 2018/19 IDP and 2018/19 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Act and financial framework; and
- **30 May 2018** - Adopting of the 2018/19 MTREF before Council for consideration and approval.

There have been no significant deviations from the key dates set out in the Budget Time Schedule adopted by Council.

However, challenges have been experienced as a large number of officials directly responsible for budget compilation have been directly involved with SAP blueprint sessions since November 2017. This has placed a considerable burden on the affected officials in ensuring that the daily tasks and the budget preparation and the target dates are met.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

Integrated Development Planning is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development.

uMhlathuze's Integrated Development Plan is a super plan for the organisation which gives an overall framework for development, it's a strategic tool that guides and informs planning, budgeting and managing. Our IDP aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in our jurisdiction. It takes into account the existing conditions and problems and resources available for development. The plan looks at economic and social development for the area as a whole. Amongst other things it also sets a framework for how land should be used (SDF), what infrastructure and services are needed and provided.

The 2017/2022 Fourth Generation IDP is a five year IDP for the term of office which is reviewed on an annual basis. Council is in a process of drafting the first review of the 2017/2022 which is 2018/19 IDP Review. Like the third generation IDP, the Fourth Generation is outcome based and built on the foundations of Government Priorities which includes National Development Plan, Provincial Development Plan, State of the Nation Address, State of the Province Address, Integrated Urban Development Framework and other important government imperatives.

Through the IDP, Government priorities are translated in our strategic framework and escalated to Strategic Goals, Strategic Objectives, Strategies, Key Performance indicators, which are then further developed into programs and projects. This directly informs the municipal Service Delivery and Budget Implementation Plan. This fair alignment between

IDP and Government priorities is confirmed through our budgeting, which takes into serious consideration the strategic objectives when budgeting.

The fourth generation IDP was developed with special consideration to the following aspects:

- Development of new council strategic agenda for long term aligned to NDP and PGDS;
- Development and review of IDP core sector plans;
- Implementation of the Economic Transformation Roadmap for uMhlathuze Municipality;
- Alignment with Government Priorities e.g. State of the Nation Address, KZN State of the Province Address, NDP, PGDP, DGDP, IUUDF etc.;
- Community inputs received during the community outreach programs (IDP Roadshows);
- MEC Letter with assessment comments on the Final IDP Review 2016/17;
- Self-Assessment;
- Different stakeholder comments and requirements; and
- Legislative compliance in terms of chapter, 4, 5 and 6 of MSA Act No 32 of 2000.

Council engaged with all relevant stakeholders to solicit views and inputs for the uMhlathuze Fourth Generation IDP (2017/2022).

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2017/2022 MTREF, Mid-year Review and adjusted budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and second quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/19 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- City growth – None put into this three year MTREF;
- Policy priorities and strategic objectives;
- In absence of an IDP prioritization model, capital allocations are based on a arithmetic calculation using historic distribution of assets and income generation per function proportionately;
- Asset maintenance resource allocations based on best practice;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2017/18 adjustments budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;

- The need for tariff increases versus the ability of the community to pay for services; and
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 89 and 91 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The 2018/19 MTREF that was tabled before Council on 28th March 2018 was presented to the community for consultation.

An insert was included in the local newspapers highlighting the Tabled 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) thereby inviting comments from the public.

Furthermore, the Executive Committee approved a schedule of public meetings that were held at various locations to provide an opportunity for the public to comment on the budget.

A meeting was also scheduled with the AmaKhosi and their leadership in order to strengthen Council's relationship with traditional leaders.

The dual approach that provides for the engagement of Ward Committees firstly and thereafter the broad community, proved to be a success in the previous years' budget public participation processes. It created a sense of ownership and belonging to the Ward Committees and allowed them to assist in various ways during the process of broader community participation.

The administrative planning process also took into consideration the cluster approach that was used in the previous years' budget public participation. The advantage and benefit for the use of clusters is that it creates a shared sense of belonging amongst the citizens as well as an understanding of the diverse issues and needs amongst the community of the Municipality.

The following table set out the meetings that were held for the 2018/19 budget public participation meetings:

CLUSTER	WARDS	AREA	VENUE	ACTUAL DATES	TIME
	Amakhosi	Amakhosi	R/Bay Civic Centre (Council Chambers)	05 April 2018 (Thursday)	11:00
1	Ward Committees	Ward Committees	eMpangeni Civic Centre (Hall)	05 April 2018 (Thursday)	17:00
2, 3 & 5	1, 2, 3, 4, 5, 6, 7, 8 & 26	Richards Bay and Nseleni	Mzuvukile Sportsfield	8 April 2018 (Sunday)	13:00
4, 7, 8 & 9	10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 30 & 34	eSikhaleni and Vulindela	eSikhaleni TVET (College)	15 April 2018 (Sunday)	13:00
12	Stakeholders	Stakeholders	R/Bay Civic Centre (Council Chambers)	19 April 2018 (Thursday)	17:00
6, 10 & 11	9, 23, 24, 25, 27, 28, 29, 31, 32, 33	Empangeni, Ngwelezane and Ntambanana	Ngwelezane New Sportsfield	22 April 2018 (Sunday)	13:00

Table 37 Actual dates for the 2018/19 budget public participation meetings

The programme is an endeavour to ensure maximum participation, particularly by Council's role-players. The programme is rigorous, extensive and gruelling due to time constraints as previously mentioned, largely exacerbated by public holidays that in the main create extended weekends that would make it difficult to hold meetings on those days, i.e. Easter Weekend, Freedom Day and Workers' Day etc.

The Tabled Budget was also published on the municipality's website, and detailed copies of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) were made available for inspection at all municipal offices and libraries within the City of uMhlathuze.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions that were received during the community consultation process have been addressed, and where relevant, considered as part of the finalisation of the 2018/19 MTREF. Feedback and responses to the submissions received will be available.

The following pertinent issues were raised during the community consultation process. Minutes of the various meetings have been prepared and have been included as **Annexure M (DMS 1275821)**.

- Pedestrian bridges;
- Water losses – community reporting issues- delays in resolving issues;
- Rural sports facilities;
- Provision of community sportfields;
- Community Waste Skips;
- Streetlights in high crime areas;
- Street lighting not being maintained;
- Provision of speed humps and traffic calming measures;
- Information on Property valuation process to be communicated;
- Improvements to stormwater drainage systems;
- Improved communication with regards to water interruption etc.;
- Multi-purpose centres to be fully utilised;
- Electricity supply in Eskom supply areas;
- Provision of halls clinics and libraries;
- RDP Housing;
- Water storage tanks (Jo-Jo tanks);
- Additional water tankers provision required;
- Road signage and marking to be improved;
- Roads maintenance and upgrading of existing roads and
- Feedback to community on progress on projects;
- Improvement to airport required;
- Cleaning of greenbelts to improve security and reduce crime; and
- Public W-Fi.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a

coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance are reflected in the IDP uMhlathuze municipality. The City of uMhlathuze has a clear understanding of such intent, and is therefore consistently ensuring that strategically it complies with the key national and provincial priorities.

The IDP drives the strategic development of the Municipality. The Municipality's budget is fully influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

Below is the table which shows the link between IDP, Budget and National and Provincial objectives.

Table 38 Link between Budget and National and Provincial Macroeconomic Objectives

National NPA	uMhlathuze Goals	uMhlathuze Mission	SDG	National Plan Priorities	12 National Outcomes	5 National Priorities	PGDS Goals	Municipal Intervention/ Programme
Good Governance and Public Participation	Democratic, responsible, transparent, objective and equitable Municipal Governance	Good governance, capable and developmental municipality	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at all levels	Inclusive Planning	Responsive, accountable, effective and efficient local government system	Nation Building and Good Governance	Governance and Policy	Clean Audit Customer Care Policy and Service Standards Anti-Fraud and Corruption Policy including whistle bower hotline
				Unite the Nation				
				Fight Corruption				
Basic Service Delivery and Infrastructure Provision	Integrated infrastructure and efficient services	Good governance, capable and developmental municipality	Ensure availability and sustainable management of water and sanitation for all; ensure access to affordable, reliable and modern energy for all	Expand Infrastructure	An efficient, competitive and responsive infrastructure network		Strategic Infrastructure	City of uMhlathuze 2030 Long Term Strategic Plan including infrastructure investment
			End hunger achieve food security and improved nutrition and promote sustainable agriculture		Vibrant, equitable, sustainable rural communities contributing towards food security for all			Strategic Roadmap for Economic Development, Transformation and Job creation
	Integrated urban and rural development	Promotion and maintenance of spatial equity and transformation	Make cities and human settlement inclusive, safe, resilient and sustainable		Sustainable human settlements and improved quality of household life		Spatial Equity	Integrated Human Settlement Plan and Spatial Development Framework for 2017/2022
		Optimal management of natural resources and commitment to sustainable environmental management	Take urgent action to combat climate change and its impacts		Protect and enhance our environmental assets and natural resources		Environmental sustainability	City of uMhlathuze Climate Change Strategy and Action Plan
Local Economic Development	Viable economic growth and development	Job Creation through and inclusive economic growth	Promote sustained, inclusive and sustainable economic growth, full and production employment and decent work for all	Create Jobs		Job Creation	Inclusive economic growth	Strategic Roadmap for Economic Development, Transformation and Job creation
		Enhancing industry based skills development and strategic support to education priority programs	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Quality Education	Skilled and capable workforce to support an inclusive growth path	Education		City of uMhlathuze Operation Sukuma Sakhe and War Rooms Strategic partnership with institutions of higher learning including SETAs
					Quality basic education			
	Safe and healthy living environment	Community based initiatives to improve quality of citizens health and well-being	Ensure healthy lifestyles and promote well-being for all at all ages	Quality Healthcare	A long and healthy life for all South Africans	Health		City of uMhlathuze Operation Sukuma Sakhe and War Rooms
			Reduce Child Mortality					
	Job Creation through and inclusive economic growth				Decent employment through inclusive economic growth	Rural development, food security and land reform		Strategic Roadmap for Economic Development, Transformation and Job creation
	Public safety and security	Creating a safer city through integrated and community based public safety	Achieve gender equality and empower all women and girls		All people in South Africa are and feel safe	Fighting crime and corruption		City of uMhlathuze Crime Prevention Strategy
Municipal Institutional Development and Transformation	Municipality that is resources and committed to attaining the vision and mission of the organisation	Use of ICT to improve productivity and efficiencies in line with Smart City principles		Build a Capable State	Create a better South Africa, a better Africa, and a better world		Human Resource Development	uMhlathuze Human Resources Development Strategy
					An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship		Human and Community Development	
Municipal Financial Viability and Management	Sound financial and supply chain management	Good governance, capable and developmental municipality		Use Resources Properly				Supply Chain Management Policy Revenue Enhancement Plan 15 Catalytic Projects Capex Project Steering Committee Operation Clean Audit

The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 39 MBRR SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 1: Good Governance and Public Participation											
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1	1 143	1 084	6 988	3 605	6 390	6 390	191	201	213
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	–	–	16	–	–	–	–	–	–
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	–	–	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	–	20	2 560	3 576	2 676	2 676	2 823	2 964	3 141
	To promote Access to Information and Accountability	1.1.5	1 284	9	111	335	312	312	352	369	388
	To bring the organisation to an enabled risk maturity level	1.1.6	–	3 250	11	–	–	–	–	–	–
	Ensure reliability and maintain independence of internal audit activity	1.1.7	3 495	–	6	–	–	–	–	–	–
National KPA 2: Basic Services and Infrastructure Provision											
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	1 896 846	2 009 031	2 455 085	2 487 643	2 362 404	2 362 404	2 589 414	2 778 193	2 985 114
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	9 561	102 060	–	–	–	–	–	–	–
	To ensure effective Fleet Management	2.1.3	139	9 712	655	276	264	264	1 790	1 895	2 005
National KPA 3: Local Economic Development											
3.1 Viable Economic Growth And Development	To promote and facilitate investment	3.1.1	24 915	19 553	4 525	2 114	1 233	1 233	3 194	3 354	4 523
	Stimulate key sectors that promote economic growth and create jobs	3.1.2	–	2 955	–	–	–	–	–	–	–
	To create enabling environment for the informal economy	3.1.3	–	786	–	–	–	–	–	–	–
	Clear City identity	3.1.4	66 916	11 579	14	–	–	–	–	–	–
	To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	3.1.5	–	644	–	–	–	–	–	–	–
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	103 524	114 476	15 446	2 768	1 140	1 140	1 204	1 264	1 327
	To ensure Provision of fire and rescue services	3.2.2	–	–	1 436	844	1 042	1 042	1 102	1 157	1 215
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	–	512	–	–	–	–	–	–	–
	To ensure air quality management	3.3.2	13 665	11 656	30	9	8	8	1 009	1 259	1 510
	Cater for alternate future burial option	3.3.3	–	–	617	549	498	498	526	552	580
3.4 Social Cohesion	To promote social cohesion	3.4.1	–	8 753	23 714	32 064	36 001	36 001	38 184	39 638	41 804

Table MBRR SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue (continued)

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 4 : Municipal Institutional Development and Transformation											
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1	2 493	8 413	1 351	12	1 016	1 016	13	14	15
National KPA 5: Municipal Financial Viability and Management											
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1	614 001	414 675	531 608	506 558	506 004	506 004	541 455	572 518	605 391
	Sustainable Financial and supply chain Management	5.2.1.	–	252	1 813	767	1 066	1 066	1 125	1 182	1 244
National KPA 6: Cross Cutting											
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1	–	–	–	–	–	–	–	–	–
6.2 Immovable Property Management	To ensure fair valuation of properties	6.2.1	–	–	16	–	–	–	–	–	–
	Effective Management of Council owned Immovable properties.	6.2.2	–	1 465	1 409	1 626	1 626	1 626	1 715	1 801	1 891
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	–	–	12	–	–	–	–	–	–
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			2 737 981	2 720 882	3 047 423	3 042 745	2 921 679	2 921 679	3 184 097	3 406 360	3 650 360

Table 40 MBRR SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 1: Good Governance and Public Participation											
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1	102 667	106 858	19 846	25 851	33 285	33 285	23 444	26 191	29 281
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	–	6 555	21 838	3 191	3 036	3 036	7 313	9 795	12 273
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	–	877	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	–	–	27 807	12 332	12 203	12 203	9 228	10 506	11 765
	To promote Access to Information and Accountability	1.1.5	39 225	33 773	2 834	3 881	17 015	17 015	4 659	5 050	5 443
	To bring the organisation to an enabled risk maturity level	1.1.6	–	9 442	20 282	1 319	1 362	1 362	1 439	2 192	2 937
	Ensure reliability and maintain independence of internal audit activity	1.1.7	2 683	1 028	(771)	13	(362)	(362)	44	49	53
National KPA 2: Basic Services and Infrastructure Provision											
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	1 865 328	1 864 193	2 320 798	2 415 703	2 356 323	2 356 323	2 511 909	2 655 102	2 837 431
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	8 971	23 419	–	–	–	–	–	–	–
	To ensure effective Fleet Management	2.1.3	62 730	85 419	61 283	(190)	(20 207)	(20 207)	(27 150)	(27 658)	(27 425)
National KPA 3: Local Economic Development											
3.1 Viable Economic Growth And Development	To promote and facilitate investment	3.1.1	36 872	32 424	45 664	52 315	55 353	55 353	64 363	69 562	76 027
	Stimulate key sectors that promote economic growth and create jobs	3.1.2	–	2 955	–	–	–	–	–	–	–
	To create enabling environment for the informal economy	3.1.3	–	3 232	–	–	–	–	–	–	–
	Clear City identity	3.1.4	124 926	45 853	6 028	5 933	6 412	6 412	6 514	7 073	7 687
	To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	3.1.5	–	42 011	–	–	–	–	–	–	–
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	81 616	73 778	44 725	55 848	55 560	55 560	63 616	69 712	75 900
	To ensure Provision of fire and rescue services	3.2.2	–	5 391	52 603	63 537	64 778	64 778	71 238	77 042	83 073
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	–	7 267	–	–	–	–	–	–	–
	To ensure air quality management	3.3.2	136 711	99 432	7 214	9 481	8 768	8 768	11 050	12 671	14 292
	Cater for alternate future burial option	3.3.3	–	20 660	8 880	11 118	11 370	11 370	12 541	14 060	15 638
3.4 Social Cohesion	To promote social cohesion	3.4.1	–	–	168 910	193 103	194 111	194 111	219 302	235 646	252 907

Table MBRR SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure (continued)

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 4 : Municipal Institutional Development and Transformation											
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1	23 626	30 713	3 783	5 089	7 698	7 698	5 749	6 223	6 705
National KPA 5: Municipal Financial Viability and Management											
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1	102 642	97 644	15 214	14 725	16 714	16 714	19 535	20 935	22 359
	Sustainable Financial and supply chain Management	5.2.1.	–	–	562	2 129	2 554	2 554	2 649	2 858	3 063
National KPA 6: Cross Cutting											
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1	–	–	–	–	–	–	–	–	–
6.2 Immovable Property Management	To ensure fair valuation of properties	6.2.1	–	1 410	3 289	3 365	3 291	3 291	4 008	4 305	4 599
	Effective Management of Council owned Immovable properties.	6.2.2	777	1 147	1 698	1 742	1 714	1 714	2 017	2 788	3 552
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	–	1 137	1 701	2 258	1 949	1 949	3 031	3 889	4 739
Allocations to other priorities											
Total Expenditure			2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297

Table 41 MBRR SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 1: Good Governance and Public Participation											
1.1 Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To ensure effective and efficient administration complying with its Legal Mandates	1.1.1	96	120	815	1 229	629	629	444	700	649
	To maintain an organizational performance management system as a tool to monitor progress of service delivery	1.1.2	–	–	–	–	–	–	–	–	–
	Ensure Institutionalisation of Batho Pele Culture	1.1.3	–	–	–	–	–	–	–	–	–
	To promote a municipal governance system that enhances and embraces the system of participatory Governance	1.1.4	–	–	–	–	–	–	–	–	–
	To promote Access to Information and Accountability	1.1.5	23 342	16 213	49 093	44 353	64 871	64 871	72 370	15 527	20 513
	To bring the organisation to an enabled risk maturity level	1.1.6	1 046	–	–	180	180	180	–	–	–
	Ensure reliability and maintain independence of internal audit activity	1.1.7	–	2 774	72	–	–	–	–	–	–
National KPA 2: Basic Services and Infrastructure Provision											
2.1 Efficient and integrated infrastructure and services	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	2.1.1	313 298	204 715	331 878	378 457	377 931	377 931	375 835	411 612	431 900
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2.1.2	7 144	86 815	–	9 500	14 564	14 564	2 000	–	–
	To ensure effective Fleet Management	2.1.3	59 074	40 515	2 149	55 396	61 196	61 196	29 068	58 932	50 126
National KPA 3: Local Economic Development											
3.1 Viable Economic Growth And Development	To promote and facilitate investment	3.1.1	5 886	4 908	29 686	1 297	2 297	2 297	2 561	2 052	819
	Stimulate key sectors that promote economic growth and create jobs	3.1.2	72	1 397	–	5 070	2 968	2 968	10 000	–	–
	To create enabling environment for the informal economy	3.1.3	–	–	–	–	–	–	–	–	–
	Clear City identity	3.1.4	–	–	54 157	–	–	–	–	–	–
	To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	3.1.5	–	–	–	3 500	10 026	10 026	1 192	1 500	1 800
3.2 Public Safety and Security	Provision of efficient and effective security services	3.2.1	–	–	–	–	–	–	–	–	–
	To ensure Provision of fire and rescue services	3.2.2	–	–	5 910	275	6 642	6 642	559	650	581
3.3 Safe and Healthy Living Environment	Efficient an effective waste management services	3.3.1	7 268	3 092	–	500	500	500	–	–	–
	To ensure air quality management	3.3.2	–	–	174	740	740	740	200	210	403
	Cater for alternate future burial option	3.3.3	–	–	–	900	900	900	641	1 100	1 500
3.4 Social Cohesion	To promote social cohesion	3.4.1	37 021	32 697	26 076	19 858	27 061	27 061	30 291	39 716	42 420

Table MBRR SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure (continued)

Strategic Objective	Goal	Goal Code	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
National KPA 4 : Municipal Institutional Development and Transformation	To create an appropriate organisational climate that will attract and ensure retention of staff	4.1.1	82	9	4 720	-	-	-	-	-	-
4.1 Municipality Resourced and Committed to attaining the vision and mission of the organisation											
National KPA 5: Municipal Financial Viability and Management											
5.1 Sound Financial And Supply Chain Management	Compliance with financial legislation and policies	5.1.1	-	-	185	-	-	-	-	-	-
	Sustainable Financial and supply chain Management	5.2.1.	43	527	13	-	-	-	-	-	-
National KPA 6: Cross Cutting					-						
6.1 Integrated Urban and Rural Development	To plan and manage existing and future development	6.1.1	-	-	-	-	-	-	-	-	-
6.2 Immovable Property Management	To ensure fair valuation of properties	6.2.1	-	-	97	-	-	-	-	-	-
	Effective Management of Council owned Immovable properties.	6.2.2	-	-	2 542	-	-	-	-	-	-
6.3 Disaster Management	To prevent and mitigate disaster incidents	6.3.1	-	-	341	-	-	-	-	-	-
Allocations to other priorities											
Total Capital Expenditure			454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

2.3 Measurable performance objectives and indicators

Legislative requirements

Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following:-

"Annual performance reports

46. (1) *A municipality must prepare for each financial year a performance report reflecting -*
- (a) the performance of the municipality and of each external service provider during that financial year;*
 - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
 - (c) measures taken to improve performance.*
- (2) *An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."*

Performance Management framework

The first performance management framework was adopted by the uMhlathuze Municipality on 28 May 2002. The framework was reviewed and amended during 2012/2013 financial year to align with the best practice guidelines suggested by the then Department of Provincial and Local Government and Traditional Affairs of Kwazulu-Natal.

The framework/policy was again reviewed in May 2015 to address the Auditor General's finding that the municipality did not have documented and approved internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting of performance information.

The Reviewed Performance Management Framework and Policy has been enhanced to include the National Treasury Communications Directive: Framework for Managing Programme Performance Information (FMPPI). The Local Government Regulations on the appointment and conditions of employment of Senior Managers (Reg. 21 of 17 January

2014) were also included in the reviewed framework, since it was promulgated after the adoption of the previous Performance Management Framework and Policy.

The reviewed Performance Management Framework/Policy has been adopted in June 2016, per item on RPT 160112 and framework/policy document on DMS 1122026 together with the newly established Standard Operating Procedure (DMS 1077198) to clarify the processes to collect, collate, verify and store of performance information and documents are available on Councils official website (www.umhlathuze.gov.za under the “Performance Management” link).

The Organisational Performance Management function of uMhlathuze Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager under the direct supervision of the Chief Operations Officer. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Specialist.

Organisational Performance Management Process

The legislative framework as set out above provides for performance management at various levels in a municipality including organisational (sometimes also referred to as municipal, corporate or strategic) level, operational (also referred to as services, departmental or section/team level) and lastly, at individual level as. These levels are however integrated and interdependent on each other.

The following diagram illustrates performance at various levels in the organisation:

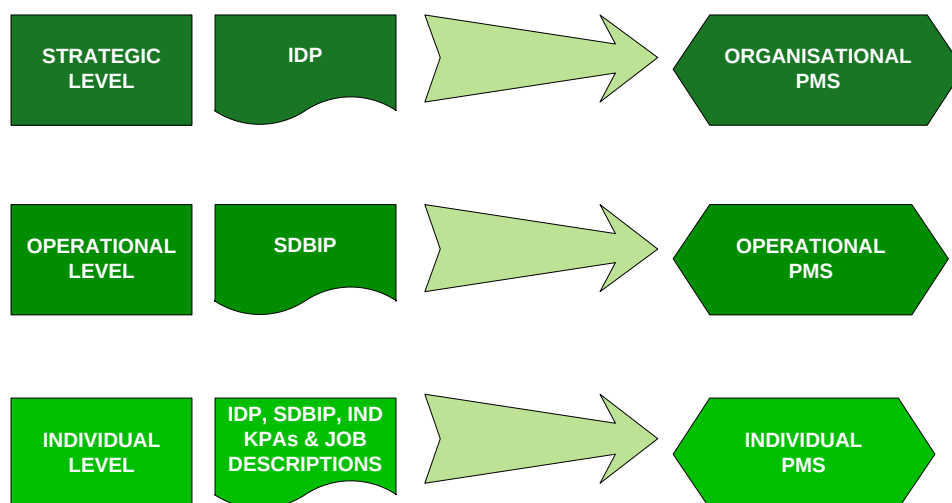


Figure 5 Performance at various levels

The process of managing performance at organisational level in the uMhlathuze Municipality involves the stages as set out in the following diagram:

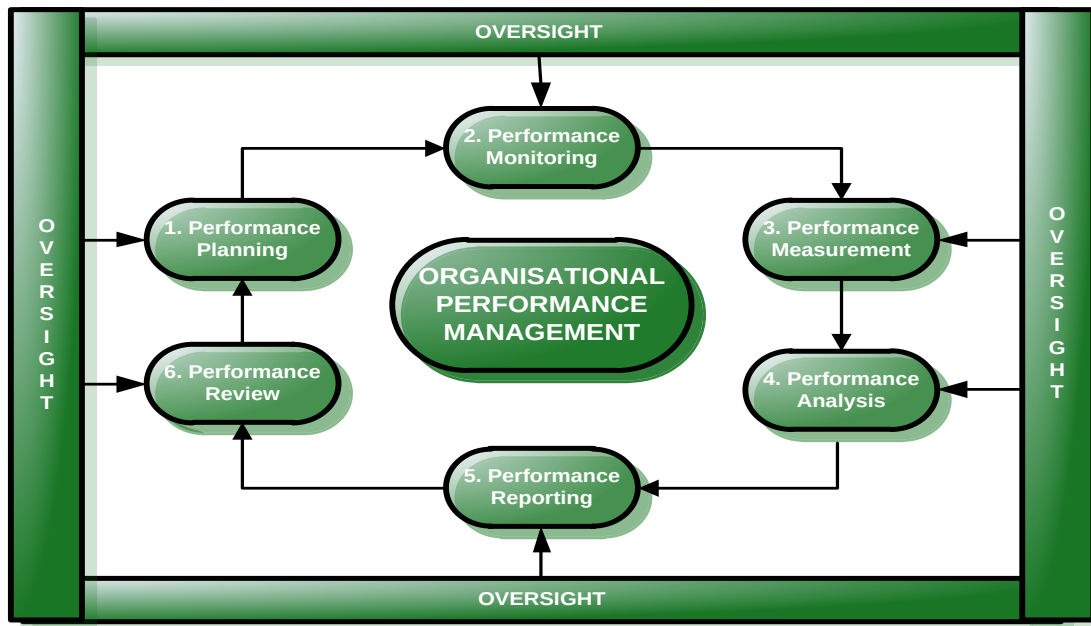


Figure 6 Performance process

Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework (aligned with the organizational structure and Council's priorities) for the five year IDP period to ensure consistency in measuring and reporting on long terms strategies and projects. Measurable performance targets with regard to each of these development priorities and objectives were established and are reflected on the 2015/2016 OPMS Scorecard. A process to ensure regular reporting is in place and gets reported quarterly to the Council via the Performance Audit Committee.

Individual performance agreements and performance plans were prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager and Deputy Municipal Managers (Heads of Department). These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act (No 56 of 2003)

The following diagram illustrates a summary of the reviewed performance management framework for the City of uMhlathuze for performance measurement and reporting, adhering to the guidelines suggested by KwaZulu-Natal Province, Department for Cooperative Governance and Traditional Affairs:

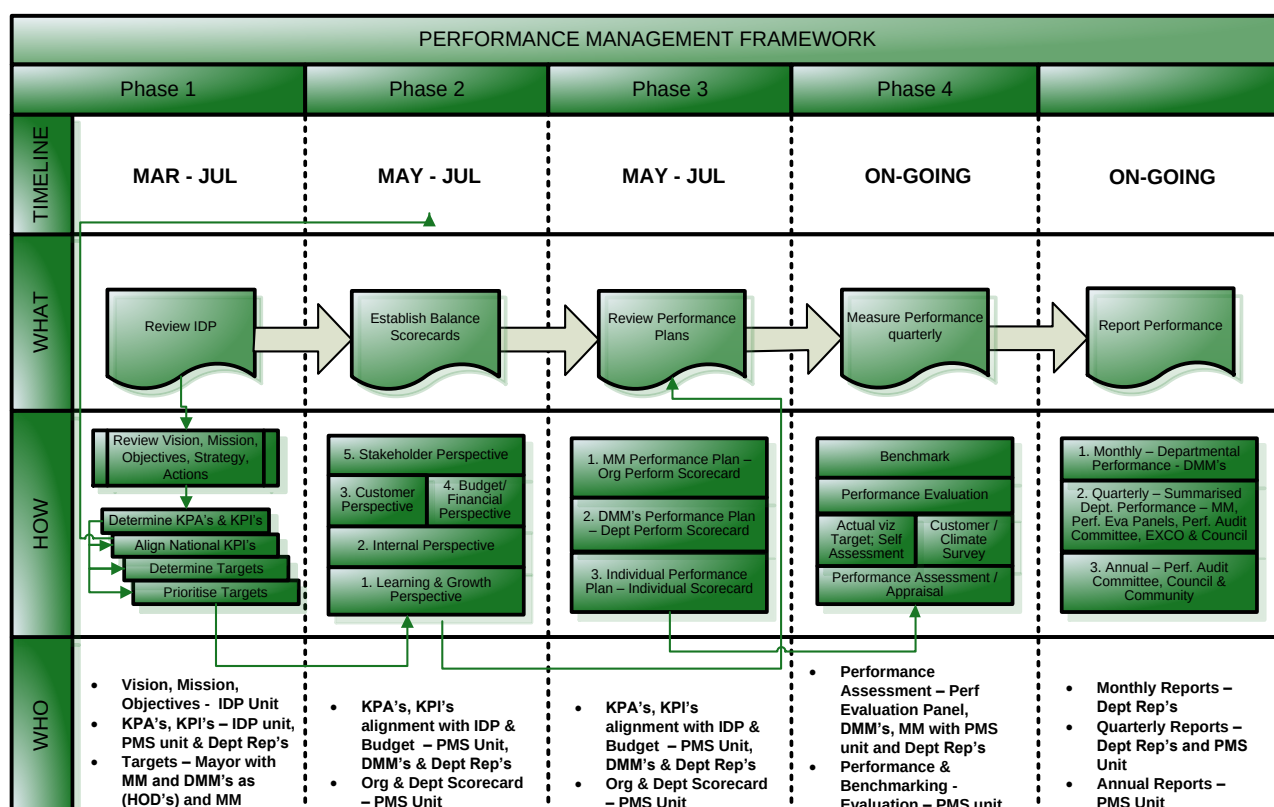


Figure 7 uMhlathuze Performance Management Framework

Performance Audit Committee

The Performance Audit Committee established in 2003 in terms of of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and membership changed over time. The appointment of Performance Audit Committee for February 2017 to January 2019 was adopted by Council on the 07 March 2017, Council Resolution 11367 (Item on RPT 161834). The appointment of the following members will lapse at the end of January 2019 after the annual report for 2017/18 financial year has been adopted by the Council:

- Dr M J Ndlovu – Chairperson (external member)
- Mr MM Masuku (external member)
- Mr B S Ndaba (external member)
- Cllr M G Mhlongo (Mayor)
- Cllr S G Mkhize (Deputy Mayor)

As per Council resolution, the Municipal Manager has been delegated to renew the appointment of external members based on their performance for the 2017/18 financial year as the final year of the three year period as stipulated in the Charter, ending on 31 January 2019. The Performance Audit Committee is meeting on a quarterly basis for each financial year to consider the reported quarterly performance achievements reported on the OPMS scorecard as well as the Performance Achievements reported in terms of the Service Delivery Budget Implementation Plan.

Auditing of Performance Information

The MFMA and the Municipal Planning and Performance Management Regulations require that the Municipal Council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councillor may be a member of an audit committee. Council shall also appoint a chairperson who is not an employee.

The Regulations give municipalities the option to establish a separate performance audit committee whereas the MFMA provides for a single audit committee as further being recommended by National Treasury in terms of their MFMA Circular no. 65 of November 2012. The municipal Council has however taken a decision to continue with a separate Performance Audit Committee and Audit Committee to allow for Councillors to serve on the Performance Audit Committee to enable Councillors to provide input towards Performance Management related matters.

The Audit Committee relies on the work done by the Performance Audit Committee in terms of the Audit Committee charter and receives and considers reports presented to it by the Performance Audit Committee at its scheduled meetings.

In carrying out its mandate, the Audit Committee and Performance Audit Committee must have a good understanding of the strategic goals of the Municipality, strategic focus areas as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) and should:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Review and comment on relevance of indicators to ensure they are measureable and relate to services performed by the Municipality.
- Review compliance with in-year reporting requirements.
- Review the quarterly performance reports submitted by internal audit.
- Review and comment on the Municipality's annual reports within the stipulated timeframes. Review and comment on the Municipality's performance management system and make recommendations for its improvement at least twice a year.
- At least twice during a financial year submit an audit report to the municipal council concerned.

In reviewing the municipality's performance management system the Performance Audit Committee focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

The Internal Audit Executive within the office of the Municipal Manager coordinates and manages the Internal Audit function within the municipality. A Panel of service providers (SekeleXabiso, PriceWaterHouseCoopers SM Xulu and Deloitte & Touché) have been appointed by uMhlathuze municipality for a three year period to deliver the Internal Audit function.

As part of their scope, auditing of the Performance Management System and Predetermined Objectives are performed and reported on for each quarter in terms of the following internal audit plan:

Audit Project	Focus Area
Review of Performance Information - Quarter 1	• Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Performance score verification (Municipal Manager and Deputy Municipal Managers); • Compliance with relevant laws and regulations.
Review of Performance Information - Quarter 2	• Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 3	• Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 4 (Annual Performance Report)	• Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations

Figure 8 Performance Management internal audit plan

The Auditor General finally audits all achievements reported in the Organisational Performance Management System Scorecard as reported in the Draft Annual Performance Report that is submitted together with the Draft Annual Financial Statements at the end of August of each year. Their findings are reported in their management letter and are included in the Annual Report. The information reported therefore is validated for correctness.

Customer Satisfaction

Council has appointed Siloam People Development Agency to conduct the 2017 Customer Satisfaction Survey. **The Comprehensive feedback and analysis report was received in June 2017 and were reported to Council via the Performance Audit Committee per Council per item on RPT 162745 on 31 August 2017.** The comprehensive analysis feedback report is available in the GroupWise document management system on DMS 1214687 as well as on Council's official website (www.umhlathuze.gov.za) under the "Performance Management" link. Provision is made on the 2018/19 MTREF for a Customer Satisfaction Survey.

Annual Organisational Performance Information

The annual Organisational Performance Targets are compiled in a table format (as prescribed by KZN CoGTA) and reported on a quarterly basis to track performance. The Organisational Performance report is presented to the Auditor General for auditing together with the Annual Financial Statements by 31 August of each year.

The Organisational Performance Scorecard (Tables) once finalized and approved is read in conjunction with the uMhlathuze Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance Information.

The number of households served with basic services as reflected in the table also includes the performance of external service providers delivering basic services to the community as contemplated in section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000). Water distribution to the community by uMhlathuze is delivered through water purification by WSSA and through purified water purchased from the Mhlathuze Water Board. Electricity is distributed to communities by uMhlathuze Municipality in the municipal licensed area, through purchasing electricity from ESKOM. Also other Basic Services delivered by uMhlathuze Municipality include, solid waste removal (refuse collection) and sanitation. The uMhlathuze municipality is fortunate not to become reliant on external service providers, i.e. water, sanitation, solid waste removal services delivered by the district municipality like most other local municipalities do.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 42 MBRR SA7 - Measurable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - Water and Sanitation Services										
Function 1 - Delivery of Basic Water Services										
Sub-function 1 - House Connection										
Connection	% of Household	51.0%	51.0%	48.0%	48.0%	43.0%	43.0%	43.0%	43.0%	43.0%
Sub-function 2 - Yard Connection										
Connection	% of Household	44.6%	46.5%	45.3%	45.8%	49.6%	49.6%	50.5%	51.4%	52.3%
Sub-function 3 - Communal Supply >200m										
Water Connection	% of Household	4.3%	0.8%	6.7%	6.2%	7.4%	7.4%	6.5%	5.6%	4.7%
Function 2 - Basic Sanitation Services										
Sub-function 1 - Waterborne Sewerage										
Sewerage Services	% of Household	50.0%	49.7%	46.7%	49.7%	39.0%	39.0%	39.0%	39.0%	39.0%
Sub-function 2 - VIP's										
Sewerage	% of Household	27.0%	35.1%	38.9%	38.9%	33.8%	33.8%	34.7%	35.6%	36.5%
Vote 2 - Electricity Supply										
Function 1 - Electricity Connection										
Sub-function 1 - Household Connection										
Municipality Household Connection	% of Household	93.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Sub-function 2 - Free Household										
Free Connections	% of Household	1.7%	0.6%	1.7%	0.6%	0.6%	0.4%	0.6%	0.6%	0.6%
Sub-function 3 - Eskom Supply										
Household Connections	% of Household	87.0%	87.0%	93.0%	93.0%	93.0%	94.0%	94.0%	95.0%	95.0%
Vote 3 - Solid Waste Removal										
Function 1 - Weekly Refuse Removal Services										
Sub-function 1 - Urban 240 litre Bin										
Litre Refuse Bin Services		71.0%	53.6%	50.3%	42.0%	42.0%	42.0%	42.0%	42.0%	42.0%
Sub-function 2 - Basic Refuse Removal										
Communal bins		18.0%	21.4%	29.2%	25.3%	25.3%	25.3%	26.2%	29.1%	28.0%

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF.

Table 43 MBRR SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Borrowing Management</u>										
Credit Rating				Ba1/A1.za	Ba1/A1.za	Ba1/A1.za	Ba1/A1.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	7.6%	7.3%	8.3%	8.0%	8.1%	8.1%	7.4%	4.8%	4.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.6%	8.5%	9.0%	8.9%	9.4%	9.4%	8.3%	5.4%	5.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	105.7%	0.0%	0.0%	0.0%	78.3%	0.0%	82.9%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	10.7%	7.7%	10.9%	7.6%	9.7%	9.7%	11.4%	9.4%	12.7%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.4	1.3	1.5	1.6	1.5	1.5	1.8	1.9	2.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.3	1.5	1.6	1.5	1.5	1.8	1.9	2.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.6	0.8	0.7	0.7	0.7	1.0	0.9	1.3
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	99.9%	99.9%	93.7%	93.6%	93.6%	94.2%	94.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	99.9%	99.9%	93.7%	93.6%	93.6%	94.2%	94.2%	94.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.4%	18.0%	17.5%	15.3%	15.7%	15.7%	16.0%	16.8%	17.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		84.9%	115.6%	84.5%	73.6%	102.1%	102.1%	75.5%	78.6%	52.5%

MBRR SA8 - Performance indicators and benchmarks (continued)

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	94229183	51083654	87249273	87249273	87249273	87249273	87249273	87249273	87249273
	Total Cost of Losses (Rand '000)	64 274	48 019	81 142	81 142	81 142	81 142	81 142	81 142	81 142
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.70%	5.30%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	16 328	9 247	8 502	8 502	8 502	8 502	8 502	8 502	8 502
	Total Cost of Losses (Rand '000)	36738965	37078605	34006624	34006624	34006624	34006624	34006624	34006624	34006624
	% Volume (units purchased and generated less units sold)/units purchased and generated	37.97%	26.24%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%	26.00%
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.7%	25.5%	22.2%	25.2%	25.8%	25.8%	26.6%	27.2%	27.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	24.6%	26.4%	23.1%	26.2%	26.9%	26.9%	27.6%	28.3%	28.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	16.2%	14.8%	13.1%	18.5%	19.3%	19.3%	19.9%	20.0%	19.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.3%	16.4%	14.5%	15.6%	16.2%	16.2%	14.5%	14.8%	15.1%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.0	9.8	13.2	12.2	12.2	12.2	18.5	19.2	20.5
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	15.5%	21.5%	21.0%	17.8%	18.7%	18.7%	19.0%	19.9%	20.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.6	2.8	4.0	2.4	2.7	2.7	3.4	3.0	4.3

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of uMhlathuze's borrowing strategy is primarily informed by the Finance charges to Operating Expenditure. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/19 MTREF:

- **Finance Charges and redemption to Operating Expenditure and to own Revenue** is a measure of the cost of borrowing in relation to the operating expenditure and own revenue. It can be seen that the cost of borrowing is 8.3 per cent in 2018/19 and drop significantly to 5.4 per cent in 2019/20. In addition the mix of capital funding for the MTREF is remaining constant whereby borrowed funds over capital expenditure excluding grant expenditure, remains at a favourable average level of 78.3 per cent over the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development such funding will be confined to assets with a useful life exceeding 10 years as well as limiting such financing to assets that generate revenue.

2.3.1.2 Safety of Capital

The **gearing ratio** is a measure of the total long term borrowings over funds and reserves. During the 2012/13 financial year this ratio peaked at 17.7 per cent however has stabilised to between 11.4 and 12.7 per cent over the MTREF.

2.3.1.3 Liquidity

- **Current ratio** is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/19 MTREF the current ratio is 1.8:1 and 1.9:1 and 2.3:1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- The **liquidity ratio** is a measure of the ability of the municipality to utilize cash and cash equivalents to meet its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.5 and as part of the financial planning strategy it has been increased to 1.30 in the 2018/19 financial year. This amounts to a vast improvement over the period. As the debtors' collection rate is at 93.6 per cent it is envisaged that cash will be available to meet its monthly current liabilities.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been continued from previous years to maintain cash inflow. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection with specific focus in the "traditional areas".

2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. Currently (2017/18 year) there are however challenges in paying all creditors within 30 days, but this is due to the implementation bugs encountered with the mSCOA financial system. It is envisaged that these are teething issues and will be resolved by 30 June 2018. By maintaining stringent cash flow recovery interventions introduced in 2009/10, the Municipality has managed to this legislative obligation. It is expected that with the introduction of an ERP system, the management of creditors will become easier.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue increases slightly over the MTREF. Although the ratio is 26.6 per cent for the 2018/19 MTREF, this may appear favourable however needs to be read in conjunction with the comments under section 1.7 – Operating Expenditure Framework as well as the comments under the Executive Summary.
- Repairs and maintenance as percentage of operating revenue remains constant over the MTREF owing directly to continued effort to ensure that resources in the repairs and maintenance cost centres are maximised.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. These are done in a universal and targeted approach. The universal approach is through the tariff structures and provides for 6kl free water and 50 kWh electricity free for users below a threshold. In addition, no rates and no refuse removal and no sewer are debited against consumers that have a property valued below the prescribed threshold.

The targeted approach is applied as well where individual customers are found destitute completely that despite the universal approach still cannot afford their accounts. These customers' accounts are administered on a dedicated personal basis and then written off according to the Credit Control and Debt Collection Policy.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 35 MBRR A10 (Basic Service Delivery Measurement) on page 98.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The only weakness in the current service charge can be found in the residential Water and Electricity Tiered (Block) Tariff structure, where medium to upper income consumers are payment below cost tariffs for the bottom scales. A solution here has been proposed to the National Treasury through a Policy document on Free & Subsidized Services they are working on.

2.4 Overview of budget related-policies

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control & Debt Collection Policy was last reviewed and approved by Council in July 2012. A revised Credit Control Policy approved by Council during the 2017/18 budget year in terms of Council Resolution number 11979 dated 21 November 2017 and is available on **DMS 1158108**.

A major change to the policy is the policy principle where, the municipality will enter into service agreement with owners of the property and have personal surety-ships with business owners. This will assist the municipality with recoverability of outstanding debtors.

The 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 98 per cent on current billings.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

The consumption of assets is measured with their level of depreciation. To ensure future sustainability of the Municipality's infrastructure, service delivery and revenue base; investment in existing infrastructure is paramount. The strategy in the framework is to give more priority and emphasis on renewal of existing infrastructure. Over the next three years, there is a decrease in investment on new assets in order to give effect to priority of renewing existing assets. In addition to the renewal of existing assets, the need for the repairs and maintenance of existing assets is considered in the framework hence a move by the Municipality to invest more in repairs and maintenance.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

No amendments are proposed for this policy in the 2018/19 financial year.

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the City continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

No amendments are proposed for this policy in the 2018/19 financial year.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council on the 4 October 2005. The sixth amendment of the Supply Chain Management Policy was done in terms of Supply Chain Management Regulations clause 3(1) (b) and was adopted by Council on 19 September 2017 in terms of Council Resolution number 11867 and incorporates the relevant Code of Conduct to the Supply Chain Management.

2.4.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the City's system of delegations. The Virement Policy was approved by Council via resolution 6737 on 6 July 2010 and was subsequently amended on 4 October 2011 and again on 28 May 2013. A further amendment was necessary in the 2017/18 Budget year to ensure compliance with mSCOA regulations. The revised policy was approved in terms of Council resolution number 11645 dated 31 May 2017.

There are a number of challenges which the Virement Policy brings about. It allows room for funds from very important Repairs and Maintenance projects to be moved around, simply because of no proper maintenance plans informing the very generous allocation of resources to this activity in the first instance. It generally allows the too liberal movement of funds from one project to another where there is no proper mandate/planning but emergency/ad hoc perceived needs/wants arise.

A further amendment is proposed for this policy in the 2018/19 financial year and the revised policy will be submitted to Council during the 2018/19 financial year.

2.4.6 Investment, Working Capital and Capital Replacement Reserves Policy

The City's Investment, Working Capital and Capital Replacement Reserves Policy was amended by Council on 10 October 2013. The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

No amendments are proposed for this policy in the 2018/19 financial year.

2.4.7 Tariff of Charges Policy

The City's tariff policy provides a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. **The policy is amended and approved annually with the MTREF.**

All the above policies are available on the City's website, as well as the following budget related policies:

- Property Rates Policy;
- Trade Effluent Management Policy and
- Fraud Prevention policy.

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the City's finances. This comment may appear contradictory to the very clear improvement in Cash Flows overall, however that is simply due to the accumulations for the Capital Replacement Reserves (Capital Funds), funds of which disguise the very tight situation the Municipality finds itself with the Operating Budget.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2018/19 MTREF:

- National Government macro-economic targets as per MFMA circular 89 and 91;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 25.2 per cent of total operating expenditure in the 2018/19 MTREF.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2018/19 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (96 per cent) of annual billings. Cash flow is assumed to be 96 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

2.5.6 Salary increases

The Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018 has come to an end. In terms of MFMA Circular no. 91, National Treasury has received no guidance from the South African Local Government Bargaining Council regarding the increases that municipalities need to budget for.

However, Council has budgeted for a 7 per cent for the 2018/19 financial year. An annual increase of 7.5 and 7.5 per cent has been included in the two outer years of the MTREF.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives. See relevant section in the Integrated Development Plan.

2.5.8 Ability of the municipality to spend and deliver on the programmes

The slow spend on the 2017/18 Adjusted Capital Budget was of serious concern to Administration, however procurement plan was been prepared to expedite the implementation of the procurement process for the 2018/19 MTREF. Despite a monthly monitoring of the procurement plan being undertaken through the Capital Spend Project Team, spending in the 2017/18 financial year still remains a challenge. Executive Management Committee (EMCO) is investigating mechanisms to try to resolve numerous internal and external factors hindering performance here.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 44 Breakdown of the operating revenue over the medium-term

Description R thousand	2018/19 Medium Term Revenue & Expenditure Framework					
	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Revenue By Source						
Property rates	474 453	15.5%	501 849	15.5%	531 960	15.3%
Service charges	2 097 369	68.7%	2 218 926	68.5%	2 375 678	68.4%
Interest earned - external investments	55 000	1.8%	58 000	1.8%	60 000	1.7%
Transfers recognised - operational	356 638	11.7%	386 385	11.9%	426 009	12.3%
Other own revenue	71 413	2.3%	75 473	2.3%	79 981	2.3%
Total Operating Revenue (excluding capital transfers and contributions)	3 054 874	100%	3 240 633	100%	3 473 628	100%
Total Operating Expenditure	3 016 497		3 207 989		3 442 297	
Surplus/(Deficit)	38 377		32 644		31 331	

The following graph is a breakdown of the operational revenue per main category for the 2018/19 financial year.

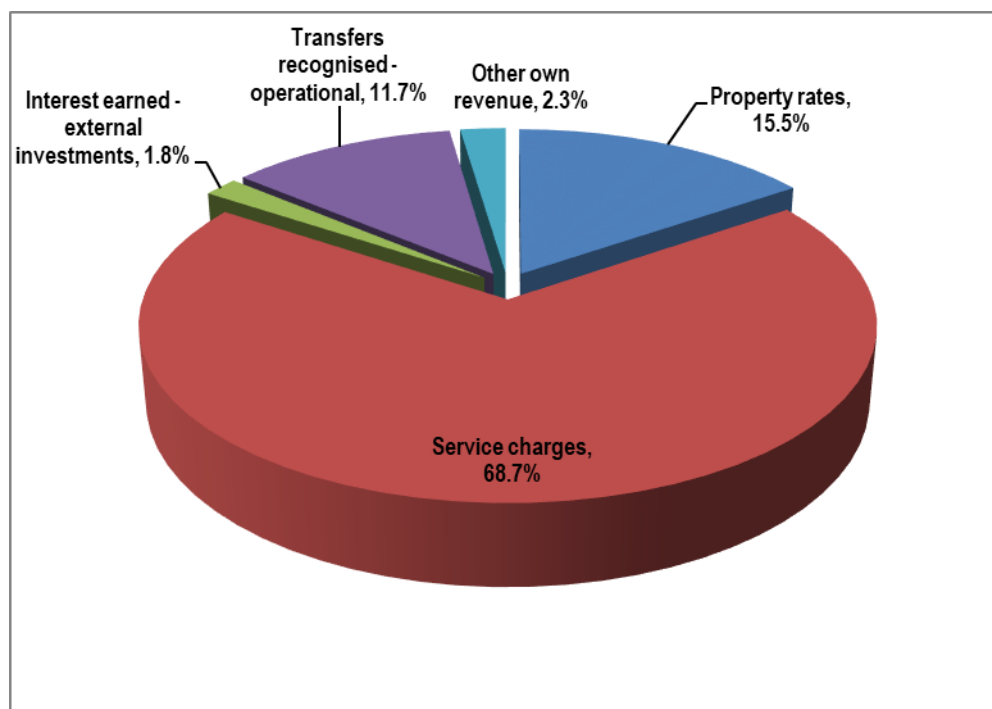


Figure 9 Breakdown of operating revenue over the 2018/19 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure an above 94 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service this had to be adjusted to cater for affordable tariffs;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs where economically possible;
- Revenue enhancement, investment and cash management;
- Pricing risk strategy to ensure that rates and general grows to a level that can sustain the municipality;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City which has been extensively reviewed to ensure that customer are clear on how the municipality will raise revenue

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2018/19 MTREF on the different revenue categories are:

Table 45 Proposed tariff increases over the medium-term

Revenue category	2017/18 current revenue increase	2018/19 proposed revenue increase	2018/19 additional revenue for each 1% increase	2018/19 additional revenue per service	2018/19 Total Budgeted revenue
	%	%	R'000	R'000	R'000
Property rates	10.00	7,00	4 745	21 581	474 453
Sanitation	7.00	7,00	996	7 619	99 625
Solid Waste	7.00	8,00	804	3 796	80 372
Water	9.00	7,00	3 378	28 778	337 842
Electricity	1.88	5.09	15 795	44 296	1 579 530
TOTAL			25 718	106 070	2 571 822

Revenue to be generated from property rates is R474.4 million in the 2018/19 financial year which represents 16 per cent of the operating revenue base of the City. The rate base has remained constant when compared to the previous year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R 2 billion for the 2018/19 financial year.

As reflected in table 45 above, the City has projected about R248.9 million as additional revenue, with electricity service charges being the biggest contributor at 80% of the additional revenue expected.

Operational grants and subsidies amount to R357 million, R386 million and R426 million for each of the respective financial years of the MTREF, or 11.7, 11.9 and 12.3 per cent of

operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF by 8.5 per cent and increases to 8.3 and 10.3 per cent for the two outer years.

Investment revenue contributes negligibly to the revenue base of the City with a budget allocation of R55 million, R58 million and R60 million for the respective three financial years of the 2018/19 MTREF. It needs to be noted that whilst a healthy working capital is important for a Municipality, the practise in this Municipality comes from a historical trend of utilising cash reserves to fund service delivery initiatives instead of generating interest returns.

The tables below provide detail investment information and investment particulars by maturity.

Table 46 MBRR SA15 – Detail Investment Information

Investment type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Parent municipality									
Deposits - Bank	150 000	290 000	645 000	350 000	350 000	350 000	500 000	500 000	750 000
Municipality sub-total	150 000	290 000	645 000	350 000	350 000	350 000	500 000	500 000	750 000
Consolidated total:	150 000	290 000	645 000	350 000	350 000	350 000	500 000	500 000	750 000

Table 47 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months										
Parent municipality											
Investec LTD	4	Fixed	Yes	Fixed	7.90%	16/07/2018	60 000	1 584	(61 584)	–	–
Investec LTD	4	Fixed	Yes	Fixed	7.92%	30/07/2018	40 000	1 146	(41 146)	–	–
Investec LTD	5	Fixed	Yes	Fixed	7.94%	15/08/2018	60 000	1 932	(61 932)	–	–
Unknown	unknown	Fixed	Yes	Fixed	-	unknown	500 000	–	–	–	500 000
Municipality sub-total							660 000		(164 662)	–	500 000
TOTAL INVESTMENTS AND INTEREST							660 000		(164 662)	–	500 000

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

Table 48 Sources of capital revenue over the MTREF

Vote Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funded by:									
National Government	198 133	136 565	125 534	147 305	147 739	147 739	121 374	157 485	168 078
Provincial Government	13 663	85 773	10 365	–	–	–	7 850	8 243	8 655
Transfers recognised - capital	211 796	222 338	141 524	147 305	147 739	147 739	129 224	165 728	176 733
Public contributions & donations	3 628	4 740	1 686	–	–	–	–	–	–
Borrowing	147 302	96 520	204 961	100 000	109 969	109 969	310 000	–	310 000
Internally generated funds	91 647	70 183	159 738	273 950	312 798	312 798	85 937	366 271	63 979
Total Capital Funding	454 373	393 781	507 909	521 255	570 505	570 505	525 161	531 999	550 712

The above table is graphically represented as follows for the 2018/19 financial year.

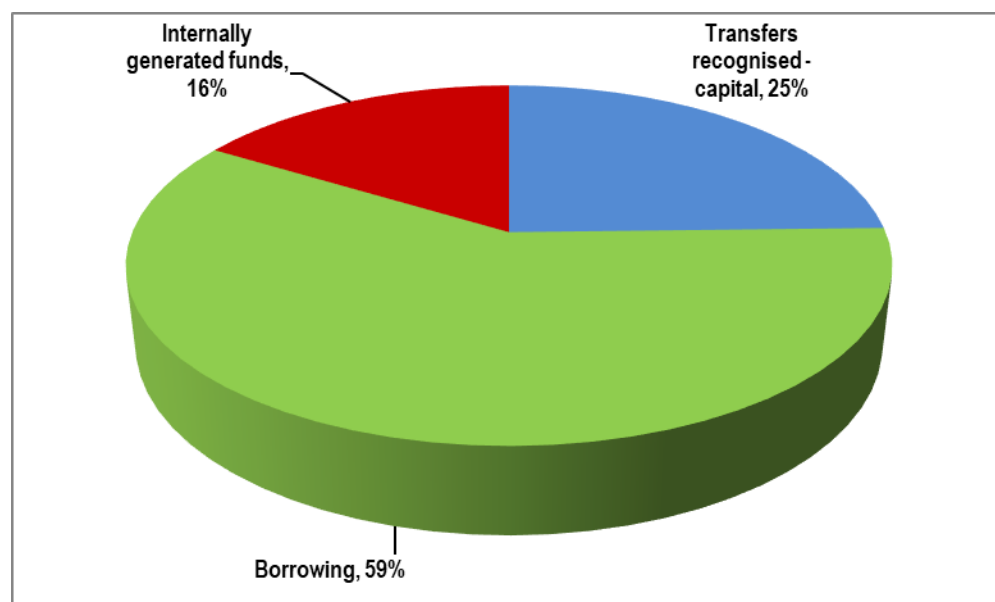


Figure 10 Sources of capital revenue for the 2018/19 financial year

Capital grants and receipts equates to 25 per cent of the total funding source which represents R129 million for the 2018/19 financial year and increase to R 166 million or 30 per cent by 2019/20.

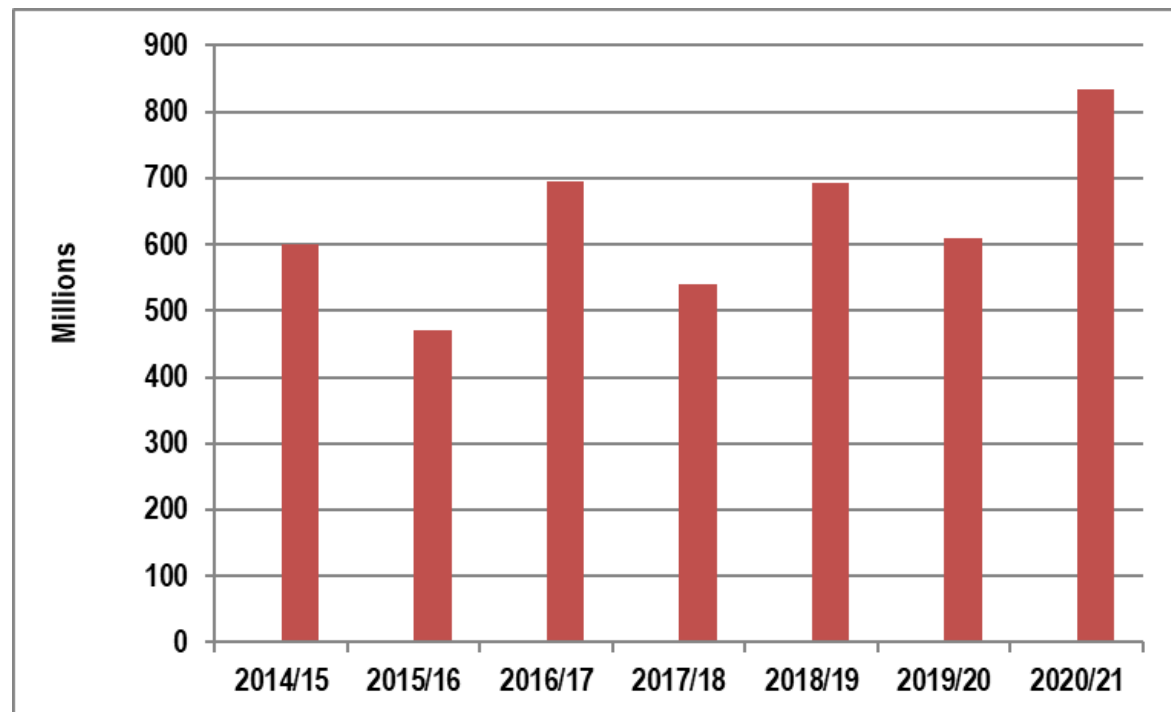
Dependency on borrowing has been reduced in previous financial years, however during the 2018/19 MTREF borrowing becomes a source of funding for mostly infrastructure projects.

The following table is a detailed analysis of the City's borrowing liability.

Table 49 MBRR SA17 - Detail of borrowings

Borrowing - Categorised by type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality									
Annuity and Bullet Loans	600 897	470 446	695 609	539 904	539 257	539 257	693 113	608 787	834 095
Municipality sub-total	600 897	470 446	695 609	539 904	539 257	539 257	693 113	608 787	834 095
Total Borrowing	600 897	470 446	695 609	539 904	539 257	539 257	693 113	608 787	834 095
Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)	-	-	9 969	-	-	-	46 500	-	46 500
Municipality sub-total	-	-	9 969	-	-	-	46 500	-	46 500
Total Unspent Borrowing	-	-	9 969	-	-	-	46 500	-	46 500

The following graph illustrates the growth in outstanding borrowing for the 2014/15 to 2020/21 period.

**Figure 11 Growth in outstanding borrowing (long-term liabilities)**

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R86 million in 2018/19, R366 million in 2019/20 and R64 million in 2020/21.

Table 50 MBRR SA18 - Capital transfers and grant receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
RECEIPTS:									
Capital Transfers and Grants									
National Government:	163 277	154 129	126 466	147 305	147 739	147 739	121 374	157 485	168 077
Municipal Infrastructure Grant (MIG)	117 927	90 479	96 473	103 305	103 305	103 305	99 374	101 485	107 323
Municipal Infrastructure Grant (Roll - over)	-	-	-	-	-	-	-	-	-
Electrification Projects	8 000	9 000	(349)	10 000	10 000	10 000	6 000	16 000	18 554
Infrastructure Water Projects	18 850	46 761	31 392	34 000	34 000	34 000	16 000	40 000	42 200
Rural Households Infrastructure	4 500	2 148	-	-	-	-	-	-	-
Department of Water Affairs	14 000	5 743	(1 049)	-	-	-	-	-	-
Finance Management	-	-	-	-	119	119	-	-	-
Infrastructure Skills Development Grant	-	-	-	-	315	315	-	-	-
Provincial Government:	9 465	83 897	1 643	-	-	-	7 850	8 243	8 655
Housing	1 170	1 041	643	-	-	-	-	-	-
Libraries	-	356	-	-	-	-	-	-	-
Sport and Recreation	3 296	-	-	-	-	-	7 850	8 243	8 655
Corridor Development - New and Upgrading	-	-	-	-	-	-	-	-	-
Informal Trading Stalls	5 000	-	-	-	-	-	-	-	-
Human Settlement - Waterstone Estates	-	82 500	-	-	-	-	-	-	-
Richards Bay Airport Feasibility Study	-	-	1 000	-	-	-	-	-	-
District Municipality:	-	-	5 625	-	-	-	-	-	-
Donated Assets - Ntambanana Water Treatment	-	-	5 625	-	-	-	-	-	-
Other grant providers:	2 000	6 700	-	-	-	-	-	-	-
National Lotto - Sports Development	2 000	6 700	-	-	-	-	-	-	-
Total Capital Transfers and Grants	174 743	244 726	133 733	147 305	147 739	147 739	129 224	165 728	176 732

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves the understanding for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue; and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 51 MBRR Table A7 - Budget cash flow statement

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	338 166	373 295	400 906	434 758	427 766	427 766	464 964	491 812	521 321
Service charges	1 673 840	1 710 852	2 003 818	1 876 238	1 745 664	1 745 664	1 957 076	2 071 284	2 219 738
Other revenue	185 996	94 538	51 247	61 334	69 037	69 037	64 868	61 128	64 418
Government - operating	249 416	267 494	279 992	326 359	328 710	328 710	356 638	373 410	411 236
Government - capital	211 796	225 014	144 868	147 305	151 739	151 739	129 224	157 485	168 077
Interest	27 615	32 465	60 921	41 995	55 275	55 275	58 398	61 568	63 782
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(2 035 776)	(2 191 024)	(2 393 352)	(2 308 953)	(2 270 873)	(2 270 873)	(2 407 516)	(2 533 438)	(2 708 677)
Finance charges	(71 171)	(58 694)	(68 940)	(67 901)	(73 639)	(73 639)	(67 884)	(70 846)	(79 421)
Transfers and Grants	(4 358)	(18 149)	(9 319)	(11 729)	(12 161)	(12 161)	(12 534)	(13 286)	(14 016)
NET CASH FROM/(USED) OPERATING ACTIVITIES	575 524	435 791	470 138	499 405	421 517	421 517	543 235	599 118	646 458
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	19 000	1 066	3 335	-	4 300	4 300	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables	41	48	36	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(452 823)	(310 882)	(507 909)	(499 283)	(525 280)	(525 280)	(525 179)	(530 976)	(547 751)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(433 782)	(309 768)	(504 538)	(499 283)	(520 980)	(520 980)	(525 179)	(530 976)	(547 751)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	385 500	-	-	-	310 000	-	310 000
Increase (decrease) in consumer deposits	956	45 197	67 947	-	7 219	7 219	-	-	-
Payments									
Repayment of borrowing	(125 569)	(130 451)	(166 337)	(155 996)	(155 996)	(155 996)	(156 144)	(84 326)	(84 692)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(124 613)	(85 254)	287 110	(155 996)	(148 777)	(148 777)	153 856	(84 326)	225 308
NET INCREASE/ (DECREASE) IN CASH HELD	17 129	40 769	252 709	(155 874)	(248 240)	(248 240)	171 912	(16 184)	324 015
Cash/cash equivalents at the year begin:	404 509	421 638	462 406	592 178	715 116	715 116	466 876	638 788	622 604
Cash/cash equivalents at the year end:	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619

The above table shows that cash and cash equivalents of the City. It can be seen that the cash levels of the City improved significantly from previous financial years to 2018/19 period and the years thereafter owing directly to a myriad of cash flow interventions introduced over the past years. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term. Cash and cash equivalents totals R 639 million as at the end of the 2018/19 financial year and increases to R 947 million by 2020/21.

For the 2018/19 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R 623 million by 2019/20 and increase even higher to R 947 billion by 2020/21. Until such time that there is real organic growth in the local economy, these cash levels will not increase especially given the capital stance of reducing tendency for external borrowing and rather using internal reserves.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 52 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available									
Cash/cash equivalents at the year end	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619
Other current investments > 90 days	(0)	0	-	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	421 638	462 406	715 116	436 304	466 876	466 876	638 788	622 604	946 619
Application of cash and investments									
Unspent conditional transfers	30 959	18 127	10 596	57 838	57 837	57 837	11 629	11 629	11 629
Unspent borrowing	-	-	9 969	-	-	-	46 500	-	46 500
Statutory requirements	(10 182)	(52 772)	(34 246)	(52 772)	(42 688)	(42 688)	(16 949)	(12 262)	(6 929)
Other working capital requirements	48 647	84 208	117 084	(93 080)	67 769	67 769	21 885	(21 507)	(68 625)
Other provisions	19 998	12 998	13 900	24 185	24 185	24 185	25 878	27 689	29 628
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	53 916	129 588	2 750	360 477	342 957	342 957	369 183	67 060	389 677
Total Application of cash and investments:	143 338	192 150	120 052	296 648	450 060	450 060	458 125	72 609	401 879
Surplus(shortfall)	278 300	270 256	595 064	139 656	16 816	16 816	180 663	549 995	544 740

From the above table it can be seen that the cash and investments available total R 181 million in the 2018/19 financial year and increases to R 550 million by 2019/20, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business. Based on the current expenditure patterns and the awarded tenders in which construction has not commenced the municipality will have to approach National Treasury for a roll-over of funds in terms of the DORA requirements.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the City to meet its creditor obligations.
- Against other provisions an amount R26 million has been provided for the 2018/19 financial year and this increase to R30 million by 2020/21.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The level of non-cash-backing has improved from previous financial years escalating to R 181 million in 2018/19. The 2018/19 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. **Nevertheless from**

a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the City will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

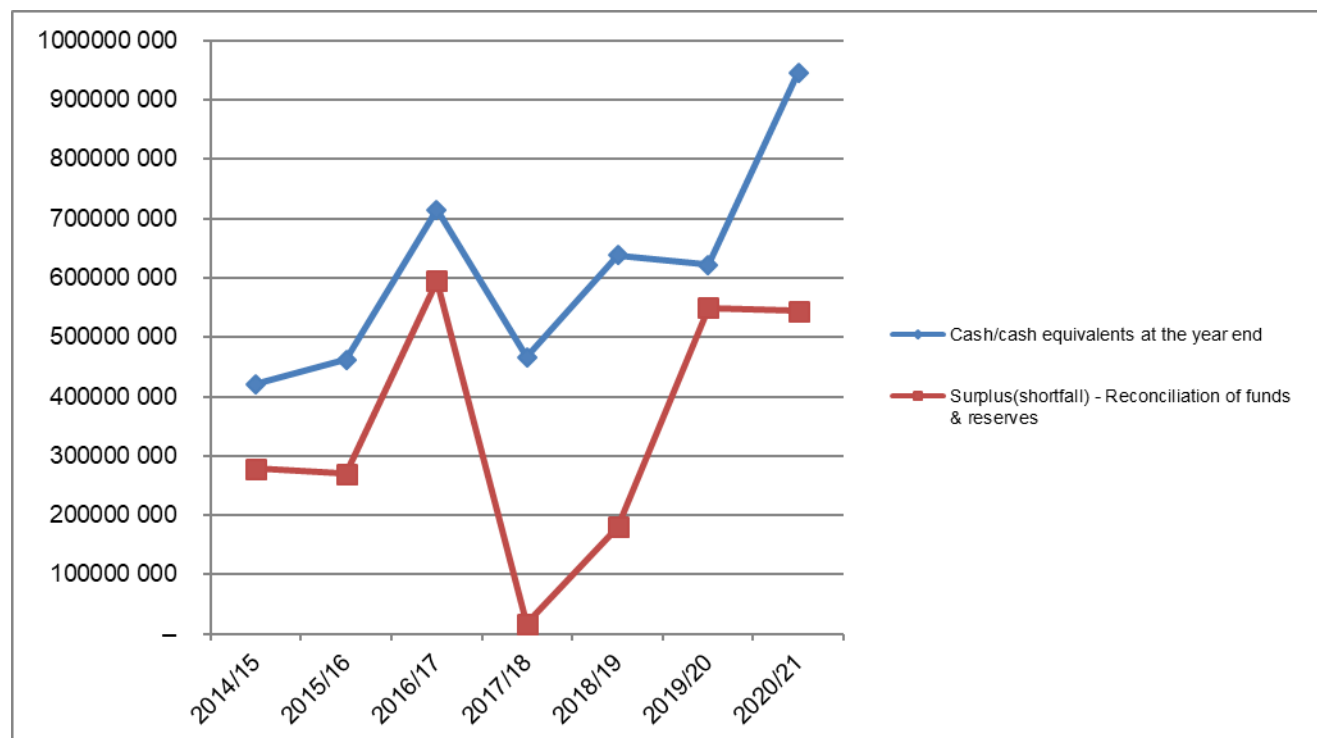


Figure 12 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality to assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 53 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	421 638	462 406	715 116	436 304	466 876	466 876	466 876	638 788	622 604	946 619
Cash + investments at the yr end less applications - R'000	18(1)b	278 300	270 256	595 064	139 656	16 816	16 816	16 816	180 663	549 995	544 740
Cash year end/monthly employee/supplier payments	18(1)b	2.6	2.8	4.0	2.4	2.7	2.7	2.7	3.4	3.0	4.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	149 209	124 265	213 235	160 002	88 754	88 754	88 755	167 601	198 372	208 063
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	(2.3%)	9.4%	(3.5%)	(11.8%)	(6.0%)	(6.0%)	4.7%	(0.2%)	0.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	98.7%	100.1%	96.0%	93.8%	93.6%	93.6%	93.6%	94.1%	93.8%	93.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	3.9%	1.8%	0.4%	1.1%	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%
Capital payments % of capital expenditure	18(1)c,19	99.7%	78.9%	100.0%	95.8%	92.1%	92.1%	92.1%	100.0%	99.8%	99.5%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	105.2%	0.0%	0.0%	0.0%	0.0%	78.3%	0.0%	82.9%
Grants % of Govt. legislated/gazetted allocations	18(1)a								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	43.5%	12.9%	(13.0%)	(1.1%)	0.0%	0.0%	12.2%	11.1%	10.7%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(37.5%)	(33.0%)	142.3%	0.0%	0.0%	0.0%	(79.8%)	6.0%	5.5%
R&M % of Property Plant & Equipment	20(1)(vi)	8.5%	7.6%	7.3%	10.2%	10.1%	10.1%	11.5%	11.0%	11.5%	12.0%
Asset renewal % of capital budget	20(1)(vi)	81.9%	17.9%	6.0%	24.8%	25.3%	25.3%	0.0%	30.1%	33.0%	35.3%
High Level Outcome of Funding Compliance											
Total Operating Revenue		2 522 558	2 493 803	2 904 214	2 895 441	2 773 941	2 773 941	2 773 942	3 054 874	3 240 633	3 473 628
Total Operating Expenditure		2 588 772	2 596 617	2 834 188	2 882 744	2 832 926	2 832 926	2 832 926	3 016 497	3 207 989	3 442 297
Surplus/(Deficit) Budgeted Operating Statement		(66 215)	(102 813)	70 025	12 697	(58 985)	(58 985)	(58 984)	38 377	32 644	31 331
Surplus/(Deficit) Considering Reserves and Cash Backing		278 300	270 256	595 064	139 656	16 816	16 816	16 816	180 663	549 995	544 740
MTREF Funded (1) / Unfunded (0)		1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✖		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.6.5.1 Cash/cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2018/19 MTREF shows R 639 million, R623 million and R947 million for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 33, on page 88. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has improved significantly for the period 2018/19 MTREF the municipality's improving cash position causes the ratio to at 3.4 and then declines slightly to 3.0 and 4.3 for the outer years respectively. As indicated above the City the Investment, Working Capital and Capital Replacement Reserves Policy requires a ratio of two months coverage. **The target has been achieved.**

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

For the 2018/19 MTREF the indicative outcome is a surplus of R168 million, R198 million and R208 million. This however is **not a true reflection** of the Operating performance as this figure includes capital revenues (Transfers recognised – capital).

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage declines from 4.7, (0.2%) and 0.9 per cent for the respective financial year of the 2018/19 MTREF. This is not a reflection of economic growth in the area but rather a reflection of cost drives which have increased more than inflation targets such as bulk water and electricity and employee related costs.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 94.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 98 per cent performance target, it either implies that the Municipality must either increase its' credit control endeavours in the Rural Areas or alternatively lower its collection rate target of 96 per cent to be more realistic. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly?

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 1.0 per cent over the MTREF which is a reflection of the high standard of credit and debt control for the City. Given the comments mentioned above regarding the debtors situation within the rural environment these provisions may need to be reviewed in the next budget cycle.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. This indicator clearly illustrates the lack of capital spending in the 2017/18 Adjusted budget but does assume that with improved procurement and project management plans, spending will accelerate in the 2018/19 financial year.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 78.3, 0 and 82.9 per cent of own funded capital. This is both consistent and a good funding mix.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current

debtors and the change in long term receivables, both from the Budgeted Financial Position. Only one indicator is reflected above which illustrates a stable trend in that debtors are only increase by the equivalent increase in revenue not by deterioration in collection rate. The changes in Long term receivables are immaterial and thus no comments are necessary.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the City's strategy pertaining to asset management and repairs and maintenance are contained in Table 70 MBRR SA34c on page 171.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 68 MBRR SA34b on page 166.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 54 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	223 899	245 363	272 535	314 163	316 514	316 514	344 324	373 410	411 236
Local Government Equitable Share	204 800	229 925	251 497	292 009	292 009	292 009	326 255	360 419	397 687
Finance Management	1 531	1 482	2 440	2 650	2 531	2 531	2 650	2 650	2 650
Municipal Systems Improvement	755	930	-	-	-	-	-	-	-
Water Services Operating Subsidy	177	-	-	-	-	-	-	-	-
EPWP Incentive	1 896	2 955	5 061	4 143	4 143	4 143	5 189	-	-
Project Management Unit	2 904	2 675	3 344	5 437	5 437	5 437	5 230	5 341	5 649
Infrastructure Skills Development Grant	8 082	7 396	3 879	6 500	6 185	6 185	5 000	5 000	5 250
Municipal Demarcation Transitional Grant	-	-	6 314	3 424	6 209	6 209	-	-	-
Other transfers/grants (Youth Awareness Day)	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (Roll-Over)	3 755	-	-	-	-	-	-	-	-
Provincial Government:	21 228	24 807	10 322	12 196	12 196	12 196	12 314	12 975	14 773
Museums	151	166	175	183	183	183	192	202	214
Provincialisation of Libraries	6 080	6 789	7 506	7 881	7 881	7 881	8 275	8 689	9 123
Libraries	740	1 054	1 093	1 504	1 504	1 504	1 576	1 688	1 808
Housing	7 983	10 151	904	2 628	2 628	2 628	2 213	2 396	2 628
Primary Health	5 965	-	-	-	-	-	-	-	-
Enhanced Extended Discount Benefit Scheme	-	103	97	-	-	-	-	-	-
Urban Development Framework Plan Tourism Development	13	42	-	-	-	-	-	-	-
Municipal Excellence Awards	-	-	-	-	-	-	-	-	-
Cleanest Town Awards	85	-	6	-	-	-	-	-	-
Sport and Recreation	33	-	-	-	-	-	-	-	-
Recycling Project	21	-	-	-	-	-	-	-	-
Urban Development Framework Plan	159	-	-	-	-	-	-	-	-
Land Use Management	-	-	8	-	-	-	-	-	-
Hostels	-	6 501	526	-	-	-	-	-	-
Service Delivery on Electrical Services	-	-	7	-	-	-	-	-	-
Sports and Recreation	-	-	-	-	-	-	58	-	-
Spatial Development Framework Support	-	-	-	-	-	-	-	-	1 000

Table SA19 - Expenditure on transfers and grant programmes (Continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
District Municipality:	-	-	479	-	-	-	-	-	-
Beach Festival	-	-	-	-	-	-	-	-	-
Refuse Removal Grant	-	-	318	-	-	-	-	-	-
Beach Protection - Alkandstrand	-	-	161	-	-	-	-	-	-
Other grant providers:	661	-	857	-	-	-	-	-	-
Richards Bay Coal Terminal - Mayoral	100	-	-	-	-	-	-	-	-
Saamwu	561	-	-	-	-	-	-	-	-
Chieta Funding	-	-	752	-	-	-	-	-	-
Absa Bank - SCM Indaba	-	-	5	-	-	-	-	-	-
SM Xulu Chartered Accountants - Strategic Session	-	-	15	-	-	-	-	-	-
EOH Mthombo (Pty) Ltd - Strategic Session	-	-	10	-	-	-	-	-	-
Joat Consulting - Strategic Session	-	-	25	-	-	-	-	-	-
Deloitte La Lucia - Strategic Session	-	-	20	-	-	-	-	-	-
Absa Bank - Strategic Session	-	-	20	-	-	-	-	-	-
Standard Bank - Wellness day	-	-	2	-	-	-	-	-	-
WSSA - Youth Awareness Day	-	-	8	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	245 789	270 170	284 193	326 359	328 710	328 710	356 638	386 385	426 009
Capital expenditure of Transfers and Grants									
National Government:	198 133	136 565	125 534	147 305	147 739	147 739	121 374	157 485	168 077
Municipal Infrastructure Grant (MIG)	103 713	89 342	84 701	103 305	103 305	103 305	99 374	101 485	107 323
Municipal Infrastructure Grant (Roll - over)	37 460	-	-	-	-	-	-	-	-
Electrification Projects	8 609	948	-	10 000	10 000	10 000	6 000	16 000	18 554
Infrastructure Water Projects	26 961	36 437	34 937	34 000	34 000	34 000	16 000	40 000	42 200
Rural Households Infrastructure	6 148	4 500	-	-	-	-	-	-	-
Department of Water Affairs	11 178	5 220	5 799	-	-	-	-	-	-
Finance Management	69	118	97	-	119	119	-	-	-
Infrastructure Skills Development Grant	-	-	-	-	315	315	-	-	-
Electricity Demand Site	3 293	-	-	-	-	-	-	-	-
Municipal Systems Improvement	175	-	-	-	-	-	-	-	-
Sport and Recreation	528	-	-	-	-	-	-	-	-

Table SA19 - Expenditure on transfers and grant programmes (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
EXPENDITURE:									
<u>Capital expenditure of Transfers and Grants</u>									
Provincial Government:	13 663	85 773	10 365	-	-	-	7 850	8 243	8 655
Housing	7 246	-	-	-	-	-	-	-	-
Libraries	57	356	-	-	-	-	-	-	-
Sport and Recreation	3 218	-	-	-	-	-	7 850	8 243	8 655
Corridor Development - New and Upgrading Informal Trading	2 563	687	-	-	-	-	-	-	-
Human Settlement - Waterstone Estates	-	82 500	-	-	-	-	-	-	-
Richards Bay Airport Feasibility Study	-	-	-	-	-	-	-	-	-
Urban Development Framework Plan Tourism Development	173	144	1 130	-	-	-	-	-	-
Upgrade of Alkandstrand Beach	400	-	-	-	-	-	-	-	-
Cleanest Town	7	-	-	-	-	-	-	-	-
Upgrade of Airport	-	402	-	-	-	-	-	-	-
Hostels (Roll-over)	-	762	9 235	-	-	-	-	-	-
Urban Development Framework Plan	-	279	-	-	-	-	-	-	-
Municipal Excellence Award	-	644	-	-	-	-	-	-	-
District Municipality:	-	-	5 625	-	-	-	-	-	-
<i>Donated Assets - Ntambanana Water Treatment</i>	<i>-</i>	<i>-</i>	<i>5 625</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Other grant providers:	3 628	4 740	1 686	-	-	-	-	-	-
National Lotto - Sports Development	3 628	4 740	1 512	-	-	-	-	-	-
BAC Zululand - CCTV	-	-	174	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	215 423	227 079	143 210	147 305	147 739	147 739	129 224	165 728	176 732
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	461 212	497 248	427 402	473 664	476 449	476 449	485 862	552 113	602 741

Table 55 MBRR SA20 - Reconciliation between of transfers, grant receipts and unspent funds

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	3 854	74	302	3 015	3 015	3 015	3 015	3 015	3 015
Current year receipts	220 120	245 591	275 248	314 163	316 514	316 514	344 324	373 410	411 236
Conditions met - transferred to revenue	223 899	245 363	272 535	314 163	316 514	316 514	344 324	373 410	411 236
Conditions still to be met - transferred to liabilities	74	302	3 015	3 015	3 015	3 015	3 015	3 015	3 015
Provincial Government:									
Balance unspent at beginning of the year	6 895	4 224	(8 653)	(8 959)	(8 959)	(8 959)	(8 959)	(8 959)	(8 959)
Current year receipts	18 557	11 929	10 017	12 196	12 196	12 196	12 314	12 975	14 773
Conditions met - transferred to revenue	21 228	24 807	10 322	12 196	12 196	12 196	12 314	12 975	14 773
Conditions still to be met - transferred to liabilities	4 224	(8 653)	(8 959)	(8 959)	(8 959)	(8 959)	(8 959)	(8 959)	(8 959)
District Municipality:									
Balance unspent at beginning of the year	14	14	214	53	53	53	53	53	53
Current year receipts	–	200	318	–	–	–	–	–	–
Conditions met - transferred to revenue	–	–	479	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities	14	214	53	53	53	53	53	53	53
Other grant providers:									
Balance unspent at beginning of the year	771	742	1 423	886	886	886	886	886	886
Current year receipts	633	681	319	–	–	–	–	–	–
Conditions met - transferred to revenue	661	–	857	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities	742	1 423	886	886	886	886	886	886	886
Total operating transfers and grants revenue	245 789	270 170	284 193	326 359	328 710	328 710	356 638	386 385	426 009
Total operating transfers and grants - CTBM	5 054	(6 714)	(5 005)	(5 005)	(5 005)	(5 005)	(5 005)	(5 005)	(5 005)

Table SA20 - Reconciliation between of transfers, grant receipts and unspent funds (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	58 834	8 199	9 693	(1 146)	(1 146)	(1 146)	(1 146)	(1 146)	(1 146)
Current year receipts	163 277	154 129	126 466	147 305	147 739	147 739	121 374	157 485	168 077
Conditions met - transferred to revenue	198 133	136 565	125 534	147 305	147 739	147 739	121 374	157 485	168 077
Conditions still to be met - transferred to liabilities	8 199	9 693	(1 146)	(1 146)	(1 146)	(1 146)	(1 146)	(1 146)	(1 146)
Provincial Government:									
Balance unspent at beginning of the year	22 645	18 448	16 571	7 849	7 849	7 849	7 849	7 849	7 849
Current year receipts	9 465	83 897	1 643	–	–	–	7 850	8 243	8 655
Conditions met - transferred to revenue	13 663	85 773	10 365	–	–	–	7 850	8 243	8 655
Conditions still to be met - transferred to liabilities	18 448	16 571	7 849	7 849	7 849	7 849	7 849	7 849	7 849
District Municipality:									
Balance unspent at beginning of the year	–	–	–	–	–	–	–	–	–
Current year receipts	–	–	5 625	–	–	–	–	–	–
Conditions met - transferred to revenue	–	–	5 625	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities	–	–	–	–	–	–	–	–	–
Other grant providers:									
Balance unspent at beginning of the year	1 502	(125)	1 834	148	148	148	148	148	148
Current year receipts	2 000	6 700	–	–	–	–	–	–	–
Conditions met - transferred to revenue	3 628	4 740	1 686	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities	(125)	1 834	148	148	148	148	148	148	148
Total capital transfers and grants revenue	215 423	227 079	143 210	147 305	147 739	147 739	129 224	165 728	176 732
Total capital transfers and grants - CTBM	26 521	28 099	6 850	6 850	6 850	6 850	6 850	6 850	6 850
TOTAL TRANSFERS AND GRANTS REVENUE	461 212	497 248	427 403	473 664	476 449	476 449	485 862	552 113	602 741
TOTAL TRANSFERS AND GRANTS - CTBM	31 575	21 384	1 845	1 845	1 845	1 845	1 845	1 845	1 845

Table 56 MBRR SA21 - Transfers and grants made by the municipality

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Cash Transfers to Organisations									
Empangeni SPCA	–	167	–	199	199	199	213	226	239
Richards Bay SPCA	–	167	–	199	199	199	213	226	239
School and Uthungulu Forum	–	–	–	394	394	394	422	447	472
Richards Bay Country Club	346	271	73	247	247	247	264	280	295
Other	–	201	1 078	–	–	–	–	–	–
Museums	370	292	–	3 303	3 502	3 502	–	–	–
Cultural Matters	–	–	–	–	–	–	2 756	2 922	3 082
Dolos Festival	–	100	–	–	–	–	–	–	–
Zululand Spelling Bee	–	–	–	23	23	23	25	27	28
Youth Gathering	105	26	109	263	263	263	282	299	315
Women Summit	99	–	16	167	167	167	179	189	200
Policy Formulation - People Living With Disability	15	–	–	111	111	111	119	126	133
Senior Citizens	60	–	16	67	67	67	72	76	80
World Aids Day	46	–	–	120	120	120	128	136	143
Children	38	–	–	72	72	72	77	81	86
Mens Summit	70	–	–	108	108	108	116	123	129
16 Days Activism	88	13	53	57	57	57	61	64	68
Freedom Day	–	–	–	111	111	111	119	126	133
Religious Sector	4	–	–	37	37	37	39	42	44
Operation Sukuma Sakhe Programmes	119	–	20	220	220	220	236	250	264
Disability Sector	3	–	–	122	122	122	131	139	147
Diwali Festival	30	100	–	33	33	33	36	38	40
Public Member Injury - Refuse	0	–	–	–	–	–	–	–	–
Last Dance	650	700	1 000	–	–	–	–	–	–
Community Outreach - Mayor	25	–	48	278	278	278	298	316	333
Thanda Royal Zulu	500	1 500	2 500	1 749	1 749	1 749	1 871	1 984	2 093
University Registrations	128	489	616	617	617	617	660	700	739
Community Outreach - Mandlazini	90	–	–	–	–	–	–	–	–
Mayday Event	17	–	–	–	–	–	–	–	–
Bursaries	5	–	–	–	–	–	–	–	–
Bursaries Employee Children	–	676	571	884	884	884	946	1 003	1 058

Table SA21 - Transfers and grants made by the municipality (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Transfers to Organisations									
Zululand Trade Fair	–	214	–	159	159	159	170	180	190
Downstream Aluminium Centre For Technology (DACT)	–	–	150	159	159	159	170	180	190
Profiling Of People With Disabilities	–	–	51	1 342	507	507	543	575	607
SATMA Awards	–	1 000	1 500	–	–	–	–	–	–
Second Annual Spring Music Tour Festival	–	81	–	–	–	–	–	–	–
Hippo Rally	–	50	60	–	–	–	–	–	–
Umhlathuze Music Festival	–	100	–	–	–	–	–	–	–
Soccer Madness Tournament	–	384	–	–	–	–	–	–	–
Mkhwanazi Traditional Authority Prayer Day	–	100	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	519	550	580
Economic Development and Job Creation	–	152	–	–	–	–	–	–	–
Department Of Human Settlement -Various Housing Projects	–	10 696	–	–	–	–	–	–	–
uThungulu Social Cohesion Summit	–	350	–	–	–	–	–	–	–
Richards Bay FC	–	–	–	–	1 068	1 068	1 143	1 211	1 278
Umhlathuze Local Football Association	–	–	179	–	–	–	–	–	–
Amenisto Christmas Jam	–	–	67	–	–	–	–	–	–
Keep Girls In School	–	–	23	–	–	–	–	–	–
Black Industrialist Business Breakfast Partnership	–	–	100	–	–	–	–	–	–
Empangeni Rugby Club	–	–	50	–	–	–	–	–	–
Cluster Elimination Games	–	–	83	–	–	–	–	–	–
Netball Athletics	–	–	11	–	–	–	–	–	–
National Rhythmical Gymnastics Championship	–	–	2	–	–	–	–	–	–
Maskanda Festival	–	–	182	–	–	–	–	–	–
eSikhaleni Kyokushin Karate Club	–	–	16	–	–	–	–	–	–
Richards Bay Primary School	–	–	20	–	–	–	–	–	–
Total Cash Transfers To Organisations	2 808	17 827	8 593	11 043	11 476	11 476	11 807	12 515	13 204
TOTAL CASH TRANSFERS AND GRANTS	2 808	17 827	8 593	11 043	11 476	11 476	11 807	12 515	13 204
Groups of Individuals									
Rates Rebates and Exemptions	1 476	–	–	–	–	–	–	–	–
Disaster Management	74	322	726	686	686	686	727	770	813
	–	–	–	–	–	–	–	–	–
Total Non-Cash Grants To Groups Of Individuals:	1 549	322	726	686	686	686	727	770	813
TOTAL NON-CASH TRANSFERS AND GRANTS	1 549	322	726	686	686	686	727	770	813
TOTAL TRANSFERS AND GRANTS	4 357	18 149	9 319	11 729	12 161	12 161	12 534	13 286	14 016

2.8 Councillor and employee benefits

Table 57 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	14 349	15 492	17 480	19 517	19 904	19 904	19 795	21 280	22 877
Pension and UIF Contributions	2 144	2 324	2 604	2 928	2 928	2 928	2 970	3 193	3 433
Medical Aid Contributions	919	870	1 146	1 734	1 734	1 734	1 959	2 107	2 265
Motor Vehicle Allowance	3 752	3 748	2 575	2 763	2 763	2 763	3 695	3 972	4 270
Cellphone Allowance	1 458	1 457	1 737	1 921	1 921	1 921	3 184	3 423	3 680
Housing Allowances	–	–	–	284	284	284	277	298	320
Sub Total - Councillors	22 622	23 891	25 542	29 147	29 533	29 533	31 881	34 273	36 845
% increase		5.6%	6.9%	14.1%	1.3%	–	7.9%	7.5%	7.5%
Senior Managers of the Municipality									
Basic Salaries and Wages	4 652	8 553	7 011	9 419	9 005	9 005	11 017	12 491	14 016
Pension and UIF Contributions	478	631	299	688	469	469	680	732	787
Medical Aid Contributions	54	142	109	157	179	179	244	263	283
Performance Bonus	252	1 241	1 364	1 703	1 686	1 686	2 033	2 186	2 350
Motor Vehicle Allowance	711	1 075	1 003	1 226	1 426	1 426	1 720	1 850	1 989
Cellphone Allowance	108	179	159	210	229	229	254	274	294
Other benefits and allowances	1 005	792	121	707	667	667	872	937	1 008
Payments in lieu of leave	31	142	96	467	467	467	779	838	901
Sub Total - Senior Managers of Municipality	7 290	12 756	10 161	14 577	14 128	14 128	17 600	19 570	21 629
% increase		75.0%	(20.3%)	43.5%	(3.1%)	–	24.6%	11.2%	10.5%
Other Municipal Staff									
Basic Salaries and Wages	314 130	346 606	377 798	414 817	423 936	423 936	453 811	502 752	556 454
Pension and UIF Contributions	55 981	59 477	64 872	83 883	72 952	72 952	91 499	98 369	105 753
Medical Aid Contributions	27 489	30 411	33 668	38 852	35 846	35 846	43 688	46 967	50 493
Overtime	35 964	42 096	43 339	46 424	42 504	42 504	62 467	60 429	64 593
Motor Vehicle Allowance	32 160	34 842	39 969	41 940	44 538	44 538	48 162	51 777	55 664
Cellphone Allowance	2 026	2 384	2 714	3 543	3 337	3 337	5 004	5 382	5 789
Housing Allowances	3 565	3 992	4 414	4 383	4 464	4 464	4 544	4 892	5 262
Other benefits and allowances	102 519	84 940	46 965	48 938	51 947	51 947	49 986	53 738	57 774
Payments in lieu of leave	13 670	13 642	14 859	25 124	16 565	16 565	29 121	31 308	33 659
Long service awards	–	–	194	95	156	156	156	166	175
Post-retirement benefit obligations	3 632	4 447	5 291	5 694	5 694	5 694	6 086	6 543	7 034
Sub Total - Other Municipal Staff	591 135	622 838	634 083	713 692	701 938	701 938	794 524	862 322	942 650
% increase		5.4%	1.8%	12.6%	(1.6%)	–	13.2%	8.5%	9.3%
Total Parent Municipality	621 048	659 485	669 787	757 416	745 599	745 599	844 004	916 164	1 001 123
		6.2%	1.6%	13.1%	(1.6%)	–	13.2%	8.5%	9.3%
TOTAL SALARY, ALLOWANCES & BENEFITS	621 048	659 485	669 787	757 416	745 599	745 599	844 004	916 164	1 001 123
% increase		6.2%	1.6%	13.1%	(1.6%)	–	13.2%	8.5%	9.3%
TOTAL MANAGERS AND STAFF	598 426	635 594	644 245	728 269	716 066	716 066	812 123	881 891	964 278

Table 58 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	673 500	155 400	47 500			876 400
Chief Whip	1	675 600	101 400	47 600			824 600
Executive Mayor	1	825 100	210 800	324 800			1 360 700
Deputy Executive Mayor	1	670 200	158 600	47 700			876 500
Executive Committee	10	4 113 700	935 900	1 545 400			6 595 000
Total for all other councillors	53	12 837 300	3 367 300	5 143 000			21 347 600
Total Councillors	67	19 795 400	4 929 400	7 156 000			31 880 800
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1 393 900	250 900	434 000	286 300		2 365 100
Chief Finance Officer	1	1 455 700	–	359 900	249 500		2 065 100
Deputy Municipal Manager - Infrastructure and Technical Services	1	1 150 000	252 200	413 400	249 500		2 065 100
Deputy Municipal Manager - Corporate Services	1	1 506 800	25 800	283 000	249 500		2 065 100
Deputy Municipal Manager - City Development	1	1 416 200	45 200	354 200	249 500		2 065 100
Deputy Municipal Manager - Community Services	1	1 369 900	32 200	413 500	249 500		2 065 100
Deputy Municipal Manager - Specialised Services	1	1 574 800	50 700	190 100	249 500		2 065 100
Deputy Municipal Manager - Energy and Electrical Services	1	1 150 000	252 200	413 400	249 500		2 065 100
Total Senior Managers of the Municipality	8	11 017 300	909 200	2 861 500	2 032 800		16 820 800
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE	75	30 812 700	5 838 600	10 017 500	2 032 800		48 701 600

Table 59 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2016/17			Current Year 2017/18			Budget Year 2018/19		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	67	67	–	67	67	–	67	67	–
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	7	7	–	7	7	–	8	8	–
Other Managers	17	15	–	17	13	–	17	15	–
Professionals	400	305	–	393	297	–	394	304	–
<i>Finance</i>	47	33	–	46	32	–	46	32	–
<i>Spatial/town planning</i>	33	30	–	33	29	–	33	29	–
<i>Information Technology</i>	11	11	–	11	11	–	11	10	–
<i>Roads</i>	22	19	–	22	19	–	22	19	–
<i>Electricity</i>	40	32	–	40	32	–	41	32	–
<i>Water</i>	16	12	–	16	12	–	16	12	–
<i>Sanitation</i>	24	17	–	24	17	–	24	17	–
<i>Refuse</i>	11	11	–	10	10	–	10	10	–
<i>Other</i>	196	140	–	191	135	–	191	143	–
Technicians	533	455	–	533	455	–	533	455	–
<i>Finance</i>	31	22	–	31	22	–	31	22	–
<i>Spatial/town planning</i>	26	23	–	26	23	–	26	23	–
<i>Information Technology</i>	6	5	–	6	5	–	6	5	–
<i>Roads</i>	48	42	–	48	42	–	48	42	–
<i>Electricity</i>	60	49	–	60	49	–	60	49	–
<i>Water</i>	34	37	–	34	37	–	34	37	–
<i>Sanitation</i>	34	25	–	34	25	–	34	25	–
<i>Refuse</i>	13	13	–	13	13	–	13	13	–
<i>Other</i>	281	239	–	281	239	–	281	239	–
Clerks (Clerical and administrative)	297	263	–	315	281	–	315	285	–
Skilled agricultural and fishery workers	2	2	–	2	2	–	2	2	–
Craft and related trades	3	3	–	3	3	–	3	3	–
Plant and Machine Operators	87	82	–	87	82	–	87	82	–
Elementary Occupations	1 598	1 426	–	1 592	1 420	–	1 592	1 437	–
TOTAL PERSONNEL NUMBERS	3 011	2 625	–	3 016	2 627	–	3 018	2 658	–
% increase				0.2%	0.1%	–	0.1%	1.2%	–
Total municipal employees headcount	2 944	2 558	–	2 949	2 560	–	2 951	2 591	–
Finance personnel headcount	241	189	–	235	185	–	237	173	–
Human Resources personnel headcount	37	32	–	41	32	–	42	33	–

2.9 Monthly targets for revenue, expenditure and cash flow

Table 60 MBRR SA25 - Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source															
Property rates	76 390	36 188	35 890	35 870	36 110	37 849	36 726	36 209	36 314	36 191	36 192	34 525	474 453	501 849	531 960
Service charges - electricity revenue	139 246	139 591	143 301	123 125	123 095	119 772	129 108	129 953	133 973	128 498	141 781	128 087	1 579 530	1 671 088	1 787 953
Service charges - water revenue	27 789	27 517	27 302	27 873	27 788	25 308	28 015	28 446	28 500	28 214	29 718	31 375	337 842	357 411	386 049
Service charges - sanitation revenue	8 225	8 112	8 130	8 136	7 255	8 277	7 662	8 755	8 579	8 530	8 984	8 980	99 625	105 398	111 722
Service charges - refuse revenue	6 869	6 347	8 045	6 818	5 530	6 864	6 769	6 628	6 688	6 694	6 483	6 638	80 372	85 029	89 955
Rental of facilities and equipment	956	538	551	585	557	983	516	1 163	537	530	820	714	8 449	8 871	9 347
Interest earned - external investments	1 411	2 629	2 784	2 950	1 720	984	3 305	4 333	1 265	3 792	5 587	24 240	55 000	58 000	60 000
Interest earned - outstanding debtors	221	236	235	274	284	551	370	318	302	283	297	26	3 398	3 568	3 782
Fines, penalties and forfeits	190	188	284	425	244	346	75	407	334	329	167	1 098	4 087	4 292	4 506
Licences and permits	237	306	346	294	309	207	404	285	360	297	293	471	3 808	3 998	4 198
Agency services	454	585	883	623	722	616	695	561	703	556	555	844	7 797	8 186	8 677
Transfers and subsidies	142 362	1 297	192	–	6 124	118 031	3 158	1 557	83 918	–	–	–	356 638	386 385	426 009
Other revenue	2 312	893	2 188	13 248	2 220	3 285	3 225	3 241	3 116	3 685	3 439	3 023	43 875	46 558	49 470
Total Revenue (excluding capital transfers and contributions)	406 661	224 427	230 129	220 222	211 957	323 073	220 027	221 855	304 589	217 598	234 315	240 021	3 054 874	3 240 633	3 473 628
Expenditure By Type															
Employee related costs	66 019	66 088	65 411	64 286	66 432	70 728	65 393	66 867	65 047	65 348	67 900	82 605	812 123	881 891	964 278
Remuneration of councillors	2 418	2 418	2 418	2 418	2 418	2 418	3 603	2 587	2 587	2 587	2 587	3 422	31 881	34 273	36 845
Debt impairment	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	2 209	26 513	28 103	29 790
Depreciation & asset impairment	31 340	31 340	31 340	31 340	31 340	31 340	31 340	31 340	31 340	31 340	31 339	31 327	376 066	408 532	446 488
Finance charges	5 657	5 657	5 657	5 657	5 657	5 657	5 657	5 657	5 657	5 657	5 657	5 658	67 884	70 846	79 421
Bulk purchases	97 842	97 871	96 420	83 155	70 330	62 356	78 724	81 897	70 843	71 767	71 001	118 740	1 000 945	1 041 966	1 101 044
Other materials	4 587	6 400	8 061	11 887	11 142	5 758	9 081	17 979	14 431	6 090	5 750	13 067	114 233	121 087	127 746
Contracted services	7 410	9 917	15 139	26 825	17 764	44 358	19 422	29 782	27 124	18 098	44 865	52 028	312 731	331 867	351 554
Transfers and subsidies	381	1 436	371	1 894	1 512	525	394	994	699	1 708	1 729	891	12 534	13 286	14 016
Other expenditure	2 014	17 498	36 383	13 990	28 696	5 546	18 809	5 629	43 245	4 774	31 985	53 018	261 588	276 140	291 116
Total Expenditure	219 879	240 835	263 410	243 662	237 499	230 896	234 632	244 941	263 182	209 577	265 021	362 965	3 016 497	3 207 989	3 442 297
Surplus/(Deficit)	186 782	(16 408)	(33 281)	(23 440)	(25 542)	92 177	(14 605)	(23 085)	41 408	8 021	(30 706)	(122 944)	38 377	32 644	31 331
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	18 506	–	–	2 400	14 126	36 212	100	333	45 048	3 381	2 586	6 532	129 224	165 728	176 733
Surplus/(Deficit) after capital transfers & contributions	205 288	(16 408)	(33 281)	(21 040)	(11 416)	128 389	(14 505)	(22 753)	86 456	11 403	(28 120)	(116 413)	167 601	198 372	208 063
Surplus/(Deficit)	205 288	(16 408)	(33 281)	(21 040)	(11 416)	128 389	(14 505)	(22 753)	86 456	11 403	(28 120)	(116 413)	167 601	198 372	208 063

Table 61 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Revenue by Vote															
Vote 1 - CITY DEVELOPMENT	495	484	501	612	2 701	(835)	479	536	522	479	488	526	6 989	7 411	8 895
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	34 454	6 426	8 075	6 863	5 602	28 433	7 335	7 391	23 050	6 828	6 538	6 780	147 776	159 574	172 265
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	760	907	1 331	956	1 094	845	1 130	884	1 080	887	873	2 119	12 866	13 509	14 267
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	2 734	441	626	561	9 897	11 200	667	495	4 176	456	428	491	32 172	39 923	42 102
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	335	340	349	343	6 612	797	344	351	481	340	627	326	11 245	5 217	5 480
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	-	-	-	-	-	-	-	-	-	-	352	-	352	369	388
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	-	-	-	-	-	-	-	-	-	7	-	-	7	7	8
Vote 8 - FINANCIAL SERVICES	80 864	39 175	39 362	39 590	38 457	41 296	40 743	41 374	38 808	41 463	42 215	59 234	542 580	573 700	606 635
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	145 657	139 647	143 401	125 715	123 108	122 918	129 607	130 516	136 172	129 122	142 316	130 595	1 598 772	1 701 440	1 822 039
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	153 842	35 672	36 120	47 439	36 086	145 074	36 388	38 247	134 245	40 923	42 310	47 700	794 047	872 416	943 641
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	2 901	(8)	(0)	6	-	6 857	-	596	8 355	-	92	181	18 978	19 416	20 523
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	2 694	1 305	103	254	2 338	2 344	3 108	1 810	2 613	268	254	(1 600)	15 491	10 417	10 978
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	433	38	260	284	188	355	325	(13)	134	208	409	201	2 823	2 964	3 141
Total Revenue by Vote	425 167	224 427	230 129	222 622	226 083	359 285	220 127	222 188	349 638	220 980	236 901	246 552	3 184 097	3 406 361	3 650 360
Expenditure by Vote to be appropriated															
Vote 1 - CITY DEVELOPMENT	6 944	7 062	7 262	6 994	7 209	8 514	7 393	7 973	7 580	7 032	7 691	9 149	90 803	97 891	106 278
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	21 223	28 812	28 543	26 751	27 842	25 765	23 160	24 830	42 899	21 329	29 462	(40 939)	259 678	274 525	295 885
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	684	600	999	684	804	718	710	895	652	686	694	70 054	78 180	85 423	92 792
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	20 182	17 742	25 203	18 820	21 481	18 621	18 985	16 471	17 999	15 256	24 900	17 092	232 752	250 684	269 595
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	(1 621)	2 759	2 662	906	1 183	2 839	4 386	1 902	3 898	927	12 453	(20 482)	11 813	15 208	18 812
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	(3 156)	(3 103)	(2 974)	(3 052)	(2 991)	(2 773)	2 206	(2 319)	(3 077)	(2 985)	(3 116)	31 997	4 659	5 050	5 443
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	(74)	(46)	63	295	454	443	412	512	450	76	891	1 080	4 556	4 939	5 328
Vote 8 - FINANCIAL SERVICES	(1 111)	424	213	1 335	1 631	2 868	2 916	829	4 873	1 527	2 884	3 795	22 184	23 793	25 422
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	109 931	113 792	118 142	103 105	89 729	74 674	100 605	99 950	102 085	88 665	91 518	173 302	1 265 498	1 332 219	1 421 322
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	45 307	48 964	57 765	64 386	65 391	74 648	52 427	61 073	53 071	51 811	70 142	73 564	718 550	763 973	818 646
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	16 512	18 933	20 220	17 493	18 218	18 692	15 462	28 293	27 187	18 188	23 526	29 226	251 950	269 354	288 404
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	2 887	3 013	3 118	3 383	4 293	3 953	4 147	2 582	3 098	4 320	2 287	5 005	42 085	45 323	48 894
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	2 170	1 881	2 194	2 562	2 254	1 935	1 822	1 949	2 467	2 744	1 690	10 121	33 790	39 608	45 477
Total Expenditure by Vote	219 879	240 835	263 410	243 662	237 499	230 896	234 632	244 941	263 182	209 577	265 021	362 965	3 016 497	3 207 989	3 442 297
Surplus/(Deficit)	205 288	(16 408)	(33 281)	(21 040)	(11 416)	128 389	(14 505)	(22 753)	86 456	11 403	(28 120)	(116 413)	167 601	198 372	208 063

Table 62 MBRR SA27 - Budgeted monthly revenue and expenditure (functional classification)

Description R thousand	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional															
<i>Governance and administration</i>	81 449	39 371	39 876	40 282	38 801	42 059	41 227	41 774	39 352	42 102	43 388	59 783	549 465	580 944	614 288
Executive and council	15	17	14	16	14	15	15	17	15	17	22	15	191	201	213
Finance and administration	81 435	39 355	39 862	40 266	38 787	42 044	41 212	41 758	39 337	42 086	43 366	59 768	549 274	580 743	614 075
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>	3 228	833	973	921	18 778	11 550	1 042	1 071	4 673	864	795	944	45 671	47 580	50 253
Community and social services	374	322	522	331	8 172	8 559	289	320	457	287	314	355	20 302	14 761	15 536
Sport and recreation	2 542	300	289	414	8 188	2 822	556	363	4 041	340	302	307	20 464	27 596	29 121
Public safety	181	80	30	45	73	37	66	256	42	104	46	143	1 102	1 157	1 215
Housing	132	132	132	132	2 345	132	132	132	133	133	133	139	3 804	4 066	4 382
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	6 717	2 557	1 706	1 446	3 789	8 829	5 086	3 952	12 194	1 237	1 327	2 697	51 536	47 952	50 798
Planning and development	3 057	1 657	375	485	2 695	1 128	3 456	1 965	2 753	350	359	398	18 676	13 761	14 492
Road transport	3 660	899	1 331	961	1 094	7 702	1 130	1 480	9 442	887	965	2 300	31 850	32 931	34 797
Environmental protection	–	–	–	–	–	–	500	507	0	–	2	–	1 009	1 259	1 510
<i>Trading services</i>	333 772	181 666	187 566	179 972	164 723	296 389	172 765	175 391	293 418	176 776	191 114	183 128	2 536 681	2 729 104	2 933 200
Energy sources	145 657	139 647	143 401	125 715	123 108	122 918	129 607	130 516	136 172	129 136	142 316	128 791	1 596 982	1 699 545	1 820 034
Water management	81 331	27 560	27 833	39 146	28 673	76 879	28 570	29 302	75 606	32 090	33 168	38 563	518 720	575 818	622 630
Waste water management	72 511	8 112	8 287	8 293	7 412	68 195	7 819	8 946	58 639	8 833	9 142	9 137	275 326	296 597	321 011
Waste management	34 274	6 347	8 045	6 818	5 530	28 397	6 769	6 628	23 001	6 717	6 489	6 638	145 652	157 144	169 526
<i>Other</i>	1	0	9	0	(8)	459	7	–	–	–	277	–	744	782	1 821
Total Revenue - Functional	425 167	224 427	230 129	222 622	226 083	359 285	220 127	222 188	349 638	220 980	236 901	246 552	3 184 097	3 406 361	3 650 360

Table MBRR SA27 - Budgeted monthly revenue and expenditure (functional classification) (continued)

Description	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure - Functional															
Governance and administration	(7 500)	(291)	(1 104)	(1 221)	163	1 867	7 128	2 271	15 996	4 547	12 455	26 691	61 001	71 903	83 923
Executive and council	(1 367)	(134)	78	(321)	(235)	521	2 360	543	2 543	(116)	8 414	9 555	21 843	25 113	28 730
Finance and administration	(5 813)	138	(872)	(1 216)	520	1 623	4 699	2 027	13 523	4 599	4 201	15 684	39 114	46 742	55 140
Internal audit	(319)	(295)	(310)	316	(123)	(278)	69	(300)	(70)	63	(161)	1 451	44	49	53
Community and public safety	26 475	25 484	33 824	26 804	33 105	27 642	28 226	23 815	26 627	23 936	36 406	30 105	342 449	370 931	400 627
Community and social services	5 920	7 387	7 879	7 000	8 816	8 018	8 242	6 214	6 994	7 563	8 056	10 305	92 392	102 625	112 925
Sport and recreation	14 405	10 794	18 957	13 178	15 065	12 612	13 181	11 370	12 383	10 075	18 399	10 591	161 009	172 209	184 291
Public safety	4 721	5 873	5 534	5 088	7 681	5 499	5 201	4 875	5 766	4 925	8 397	7 678	71 238	77 042	83 073
Housing	1 430	1 430	1 454	1 537	1 544	1 513	1 603	1 357	1 484	1 373	1 554	1 531	17 810	19 055	20 338
Economic and environmental services	27 823	30 317	30 255	27 894	29 563	31 619	27 679	39 887	42 383	27 447	30 396	37 530	382 792	413 275	446 910
Planning and development	7 472	7 543	7 709	7 345	7 699	8 526	7 424	7 611	7 137	7 118	7 364	8 792	91 739	98 771	107 383
Road transport	19 531	21 878	21 381	19 639	21 001	22 010	19 282	31 238	34 431	19 632	22 272	27 708	280 003	301 833	325 235
Environmental protection	820	897	1 165	910	863	1 082	973	1 038	814	697	760	1 031	11 050	12 671	14 292
Trading services	172 698	184 937	200 071	189 836	174 313	168 970	171 062	178 255	177 460	153 289	185 327	267 955	2 224 173	2 344 690	2 502 552
Energy sources	114 889	117 168	122 053	107 174	92 701	78 840	105 794	102 143	95 874	87 628	94 372	174 013	1 292 648	1 359 878	1 448 748
Water management	35 924	38 016	44 241	42 033	47 044	37 953	37 313	37 962	38 402	41 568	34 082	43 415	477 952	507 278	540 069
Waste water management	11 699	13 749	18 050	25 508	21 193	38 838	16 976	25 987	21 066	14 345	43 276	38 381	289 067	307 089	330 983
Waste management	10 185	16 005	15 727	15 122	13 375	13 339	10 980	12 164	22 118	9 748	13 597	12 147	164 506	170 446	182 753
Other	383	387	364	349	356	799	537	713	716	359	437	682	6 082	7 190	8 285
Total Expenditure - Functional	219 880	240 835	263 410	243 662	237 499	230 896	234 632	244 941	263 182	209 577	265 021	362 964	3 016 497	3 207 989	3 442 297
Surplus/(Deficit)	205 287	(16 408)	(33 281)	(21 040)	(11 416)	128 389	(14 505)	(22 753)	86 456	11 403	(28 120)	(116 412)	167 601	198 372	208 063

Table 63 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Multi-year expenditure to be appropriated															
Vote 1 - CITY DEVELOPMENT	–	–	2 854	4 500	4 325	4 000	3 000	–	500	500	500	(16 854)	3 326	1 650	1 995
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	–	–	–	–	–	–	–	200	244	–	–	354	798	1 100	1 166
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	–	–	–	2 200	2 200	700	–	2 200	2 500	950	440	–	11 190	18 243	18 872
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	–	500	500	68	1 099	1 000	1 500	500	1 500	1 000	1 000	34 406	43 073	8 380	16 415
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	–	600	500	–	1 000	500	1 000	500	3 300	2 682	500	57 372	67 954	11 527	14 263
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	–	–	–	–	130	–	–	–	–	–	–	(130)	–	–	–
Vote 8 - FINANCIAL SERVICES	7 372	10 000	–	12 000	40	2 000	10 050	2 050	10 000	12 090	3 050	(68 298)	354	393	448
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	2 000	6 500	3 000	11 500	7 500	5 500	6 589	7 000	6 500	7 000	5 934	7 500	76 523	90 317	96 053
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	–	–	2 500	6 200	7 300	4 750	6 450	8 400	4 350	6 300	1 200	67 946	115 396	151 993	185 026
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	–	2 500	4 100	13 000	2 990	10 500	2 000	22 000	9 000	20 700	9 800	16 382	112 972	98 500	94 500
ENGINEERING SUPPORT SERVICES	11 473	5 500	11 500	7 500	12 000	1 000	12 000	1 250	11 000	–	–	(73 223)	–	–	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	–	–	–	–	427	–	–	–	–	–	–	427	1 902	624
Capital multi-year expenditure sub-total	20 845	25 600	24 954	56 968	38 584	30 377	42 589	44 100	48 894	51 222	22 424	25 456	432 013	384 005	429 362
Single-year expenditure to be appropriated															
Vote 1 - CITY DEVELOPMENT	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	–	–	–	–	5 500	1 229	750	59	500	–	200	(5 779)	2 459	3 360	3 491
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	–	–	–	–	215	–	–	100	–	–	–	–	315	340	454
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	–	200	485	30	1 988	1 200	1 400	1 900	1 900	1 741	900	8 198	19 942	23 223	25 448
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	–	–	–	–	–	–	1 000	1 000	1 000	500	1 000	1 716	6 216	4 216	5 010
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	–	100	276	239	531	–	–	500	200	–	–	2 570	4 416	4 000	6 250
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - FINANCIAL SERVICES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	–	1 048	1 017	–	1 000	–	1 000	–	1 000	1 400	1 000	30 552	38 017	67 888	59 087
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	–	–	–	–	300	300	–	–	800	1 200	500	(1 600)	1 500	25 237	827
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	–	600	300	300	–	–	–	200	1 000	600	3 760	13 323	20 083	19 661	20 705
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	–	–	5 000	–	5 000	5 000	1 000	9 983	6 000	7 000	7 397	(46 180)	200	70	77
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	–	1 948	7 078	569	14 534	7 729	5 150	13 742	12 400	12 441	14 757	2 800	93 148	147 994	121 349
Total Capital Expenditure	20 845	27 548	32 032	57 537	53 118	38 106	47 739	57 841	61 294	63 663	37 181	28 256	525 161	531 999	550 712

Table 64 MBRR SA29 - Budgeted monthly capital expenditure (functional classification)

Description R thousand	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional															
Governance and administration	7 372	10 600	1 016	10 469	6 921	1 579	11 100	6 250	18 744	18 272	9 339	574	102 236	75 552	71 736
Executive and council	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration	7 372	10 600	1 016	10 469	6 921	1 579	11 100	6 250	18 744	18 272	9 339	574	102 236	75 552	71 736
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety	–	816	3 445	8 268	8 367	8 150	8 100	10 935	10 400	8 791	9 708	4 000	80 981	54 711	66 326
Community and social services	–	816	3 245	6 068	5 167	6 300	6 350	5 676	6 000	5 141	6 700	4 000	55 463	19 013	28 957
Sport and recreation	–	–	200	2 200	3 200	1 600	1 500	5 200	4 400	3 650	3 008	–	24 958	35 049	36 788
Public safety	–	–	–	–	–	250	250	59	–	–	–	–	559	650	581
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	–	3 100	10 054	15 600	10 530	18 127	3 000	25 283	8 500	21 700	9 800	12 182	137 876	122 733	119 275
Planning and development	–	–	500	500	325	427	–	200	500	500	500	501	3 953	3 622	2 696
Road transport	–	3 100	9 554	15 100	10 205	17 500	3 000	25 083	8 000	21 200	9 300	11 682	133 723	118 901	116 176
Environmental protection	–	–	–	–	–	200	–	–	–	–	–	–	200	210	403
Trading services	13 473	13 032	17 517	23 200	27 300	10 250	25 539	15 373	23 650	14 900	8 334	11 500	204 068	279 003	293 374
Energy sources	2 000	7 532	4 017	11 500	8 500	5 500	7 589	7 000	7 500	8 400	6 934	9 000	85 472	99 273	105 014
Water management	5 973	5 500	7 500	4 200	10 800	4 250	10 200	5 650	6 900	5 200	600	2 000	68 773	111 169	118 326
Waste water management	5 500	–	6 000	7 500	7 500	500	7 250	2 723	8 750	1 300	600	500	48 123	66 061	67 527
Waste management	–	–	–	–	500	–	500	–	500	–	200	–	1 700	2 500	2 507
Total Capital Expenditure - Functional	20 845	27 548	32 032	57 537	53 118	38 106	47 739	57 841	61 294	63 663	37 181	28 256	525 161	531 999	550 712
Funded by:															
National Government	11 473	7 500	18 500	11 500	21 000	8 000	15 000	10 032	12 000	4 000	2 368	–	121 374	157 485	168 078
Provincial Government	–	–	–	–	–	–	–	–	–	–	–	7 850	7 850	8 243	8 655
Transfers recognised - capital	11 473	7 500	18 500	11 500	21 000	8 000	15 000	10 032	12 000	4 000	2 368	7 850	129 224	165 728	176 733
Public contributions & donations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing	9 372	18 100	9 000	42 000	23 040	25 000	26 589	33 300	34 500	50 382	21 463	17 254	310 000	–	310 000
Internally generated funds	–	1 948	4 532	2 037	7 078	5 106	6 150	12 509	13 294	8 931	13 350	11 002	85 937	366 271	63 979
Total Capital Funding	20 845	27 548	32 032	55 537	51 118	38 106	47 739	55 841	59 794	63 313	37 181	36 106	525 161	531 999	550 712

Table 65 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Receipts By Source														1		
Property rates	74 862	35 464	35 172	35 152	35 388	37 092	35 991	35 485	35 588	35 467	35 468	33 834	464 964	491 812	521 321	
Service charges - electricity revenue	131 222	131 547	135 043	116 030	116 001	112 870	121 668	122 464	126 253	121 093	133 611	120 706	1 488 510	1 575 265	1 686 783	
Service charges - water revenue	26 189	25 933	25 731	26 269	26 189	23 851	26 403	26 808	26 859	26 590	28 007	29 569	318 397	336 940	364 228	
Service charges - sanitation revenue	6 861	6 768	6 782	6 787	6 052	6 905	6 391	7 304	7 157	7 116	7 495	7 491	83 110	88 041	93 463	
Service charges - refuse revenue	5 731	5 295	6 712	5 689	4 614	5 727	5 648	5 530	5 580	5 585	5 409	5 538	67 058	71 037	75 264	
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Rental of facilities and equipment	936	527	539	573	546	963	506	1 140	526	519	803	700	8 280	8 694	9 160	
Interest earned - external investments	1 411	2 629	2 784	2 950	1 720	984	3 305	4 333	1 265	3 792	5 587	24 240	55 000	58 000	60 000	
Interest earned - outstanding debtors	221	236	235	274	284	551	370	318	302	283	297	26	3 398	3 568	3 782	
Fines, penalties and forfeits	180	179	270	404	232	329	71	386	317	312	159	1 043	3 883	4 077	4 281	
Licences and permits	225	291	329	279	293	196	384	270	342	282	278	447	3 617	3 798	3 988	
Agency services	431	556	838	592	686	585	660	533	668	528	527	802	7 407	7 777	8 244	
Transfer receipts - operational	142 362	1 297	192	–	6 124	118 031	3 158	1 557	83 918	–	–	–	356 638	373 410	411 236	
Other revenue	2 196	849	2 078	12 585	2 109	3 121	3 064	3 079	2 961	3 501	3 267	2 872	41 681	36 782	38 746	
Cash Receipts by Source	392 829	211 570	216 706	207 586	200 237	311 206	207 619	209 208	291 736	205 069	220 908	227 269	2 901 944	3 059 202	3 280 494	
Other Cash Flows by Source																
Transfer receipts - capital	18 506	–	–	2 400	14 126	36 212	100	333	45 048	3 381	2 586	6 532	129 224	157 485	168 077	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Borrowing long term/refinancing	–	–	–	–	–	310 000	–	–	–	–	–	–	310 000	–	310 000	
Total Cash Receipts by Source	411 335	211 570	216 706	209 986	214 364	657 418	207 719	209 541	336 784	208 450	223 494	233 801	3 341 168	3 216 687	3 758 572	

Table MBRR SA30 - Budgeted monthly cash flow (continued)

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Payments by Type															
Employee related costs	64 699	64 767	64 103	63 000	65 103	69 313	64 085	65 530	63 746	64 041	66 542	80 953	795 881	864 716	946 073
Remuneration of councillors	2 418	2 418	2 418	2 418	2 418	2 418	3 603	2 587	2 587	2 587	2 587	3 422	31 881	34 273	36 845
Finance charges	–	–	–	–	–	27 934	–	–	–	–	–	39 950	67 884	70 846	79 421
Bulk purchases - Electricity	89 235	89 263	87 812	75 486	61 711	53 747	70 118	73 287	62 000	61 977	61 979	110 750	897 364	918 100	969 696
Bulk purchases - Water & Sewer	8 608	8 608	8 608	7 669	8 619	8 609	8 606	8 610	8 843	9 791	9 022	7 990	103 582	134 200	141 581
Other materials	4 587	6 400	8 061	11 887	11 142	5 758	9 081	17 979	14 431	6 090	5 750	13 067	114 233	121 087	127 746
Contracted services	6 273	9 113	14 357	25 975	16 981	41 033	18 376	28 757	26 146	17 315	44 082	50 679	299 086	314 697	332 006
Transfers and grants - other	381	1 436	371	1 894	1 512	525	394	994	699	1 708	1 729	891	12 534	13 286	14 016
Other expenditure	5 898	10 763	10 428	11 937	12 861	12 101	14 774	10 689	16 602	11 009	23 078	25 350	165 490	146 366	154 731
Cash Payments by Type	182 099	192 767	196 158	200 266	180 347	221 438	189 036	208 432	195 054	174 517	214 768	333 051	2 487 933	2 617 569	2 802 114
Other Cash Flows/Payments by Type															
Capital assets	20 846	27 549	32 033	57 539	53 120	38 107	47 741	57 843	60 296	63 665	37 183	29 257	525 179	530 976	547 751
Repayment of borrowing	–	–	–	–	–	82 472	–	–	–	–	–	73 672	156 144	84 326	84 692
Total Cash Payments by Type	202 945	220 316	228 191	257 805	233 466	342 017	236 777	266 276	255 350	238 182	251 951	435 980	3 169 256	3 232 871	3 434 557
NET INCREASE/(DECREASE) IN CASH HELD	208 391	(8 746)	(11 485)	(47 819)	(19 103)	315 400	(29 058)	(56 735)	81 435	(29 731)	(28 456)	(202 180)	171 912	(16 184)	324 015
Cash/cash equivalents at the month/year begin:	466 876	675 267	666 521	655 036	607 217	588 114	903 515	874 456	817 721	899 156	869 425	840 968	466 876	638 788	622 604
Cash/cash equivalents at the month/year end:	675 267	666 521	655 036	607 217	588 114	903 515	874 456	817 721	899 156	869 425	840 968	638 788	638 788	622 604	946 619

2.10 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Table 66 MBRR SA33 - Contracts having future budgetary implications

Description	Preceding Years	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Total Contract Value
	Total	Original Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:													
<u>Expenditure Obligation By Contract</u>													
Medical Waste Removal	80	83	87	91	95	100	105	110	116	122	128	134	1 251
Mandlankhonto Security	-	11 662	-	-	-	-	-	-	-	-	-	-	11 662
Mafoko Security	-	12 028	-	-	-	-	-	-	-	-	-	-	12 028
Makheda Security	-	15 309	-	-	-	-	-	-	-	-	-	-	15 309
Fidelity Security	-	6 843	-	-	-	-	-	-	-	-	-	-	6 843
D & V Safety Management	-	594	-	-	-	-	-	-	-	-	-	-	594
Contract 2													-
Contract 3 etc													-
Total Operating Expenditure Implication	2 985	59 897	3 371	3 589	3 822	4 069	4 333	4 614	4 913	5 233	5 573	38 627	141 026
Total Parent Expenditure Implication	2 985	59 897	3 371	3 589	3 822	4 069	4 333	4 614	4 913	5 233	5 573	38 627	141 026

2.11 Capital expenditure details

The following three tables present details of the City's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 67 MBRR SA34a - Capital expenditure on new assets by asset class

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	26 977	158 450	373 507	194 035	222 484	222 484	198 492	222 983	227 646
Roads Infrastructure	2 282	8 048	128 057	36 272	37 933	37 933	75 214	52 861	45 405
<i>Roads</i>	2 031	7 163	128 057	31 772	33 026	33 026	57 614	32 661	35 205
<i>Road Structures</i>	205	724	–	4 500	4 906	4 906	9 000	17 200	7 200
<i>Road Furniture</i>	46	161	–	–	–	–	8 600	3 000	3 000
Electrical Infrastructure	15 718	7 933	69 444	23 092	23 366	23 366	28 900	43 717	48 912
<i>MV Substations</i>	–	–	–	–	83	83	–	–	–
<i>MV Switching Stations</i>	3 615	1 825	–	–	–	–	–	–	–
<i>MV Networks</i>	9 902	4 998	–	–	5 566	5 566	–	6 000	7 000
<i>LV Networks</i>	2 201	1 111	69 444	23 092	17 717	17 717	28 900	37 717	41 912
Water Supply Infrastructure	974	86 608	91 257	67 033	59 145	59 145	53 173	76 221	77 178
<i>Reservoirs</i>	19	1 732	–	1 100	1 100	1 100	2 400	19 000	15 000
<i>Distribution</i>	925	82 278	91 257	65 933	58 045	58 045	50 773	57 221	62 178
<i>Distribution Points</i>	29	2 598	–	–	–	–	–	–	–
Sanitation Infrastructure	6 114	52 526	59 354	65 638	68 097	68 097	38 473	47 184	49 151
<i>Pump Station</i>	61	525	–	–	6 100	6 100	–	–	–
<i>Reticulation</i>	2 935	25 213	59 354	34 506	30 864	30 864	38 473	47 184	49 151
<i>Waste Water Treatment Works</i>	3 118	26 788	–	31 132	31 132	31 132	–	–	–

Table MBRR SA34a - Capital expenditure on new assets by asset class (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	26 977	158 450	373 507	194 035	222 484	222 484	198 492	222 983	227 646
Solid Waste Infrastructure	1 890	3 334	1 526	1 500	1 492	1 492	–	–	–
Waste Transfer Stations	1 890	3 334	1 526	1 500	1 492	1 492	–	–	–
Information and Communication Infrastructure	–	–	23 869	500	32 452	32 452	2 731	3 000	7 000
Data Centres	–	–	23 869	500	32 452	32 452	2 731	3 000	7 000
Community Assets	9 088	36 492	34 455	14 262	40 814	40 814	24 304	35 099	37 793
Community Facilities	8 667	16 008	14 254	1 144	25 954	25 954	3 186	4 900	4 534
Halls	89	6 088	4 542	1 144	460	460	–	–	–
Clinics/Care Centres	386	–	464	–	–	–	–	–	–
Fire/Ambulance Stations	4 467	4 568	5 910	–	6 437	6 437	–	–	–
Libraries	3 641	2 197	43	–	357	357	200	–	–
Cemeteries/Crematoria	83	636	219	–	900	900	–	–	–
Police	–	340	–	–	–	–	–	–	–
Parks	–	–	–	–	–	–	1 440	3 000	2 217
Public Open Space	–	2 180	–	–	–	–	–	–	–
Markets	–	–	3 074	–	–	–	–	–	–
Stalls	–	–	–	–	3 596	3 596	1 192	1 500	1 800
Taxi Ranks/Bus Terminals	–	–	–	–	14 205	14 205	354	400	517
Sport and Recreation Facilities	421	20 484	20 202	13 118	14 860	14 860	21 118	30 199	33 259
Outdoor Facilities	421	20 484	20 202	13 118	14 860	14 860	21 118	30 199	33 259
Heritage assets	–	43	–	–	–	–	–	–	–
Monuments	–	43	–	–	–	–	–	–	–

Table MBRR SA34a - Capital expenditure on new assets by asset class (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>									
<u>Investment properties</u>	-	405	-	-	-	-	-	-	-
Non-revenue Generating	-	405	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	405	-	-	-	-	-	-	-
<u>Other assets</u>	22 256	104 810	9 417	22 257	23 155	23 155	38 363	6 818	6 283
Operational Buildings	22 103	17 995	9 417	22 257	23 155	23 155	38 363	6 818	6 283
Municipal Offices	22 103	17 995	9 417	22 257	23 155	23 155	38 363	6 818	6 283
Housing	152	86 815	-	-	-	-	-	-	-
Social Housing	152	86 815	-	-	-	-	-	-	-
<u>Intangible Assets</u>	3 746	3 185	26 613	40 140	28 917	28 917	60 706	9 677	9 581
Licences and Rights	3 746	3 185	26 613	40 140	28 917	28 917	60 706	9 677	9 581
Computer Software and Applications	3 746	3 185	26 613	40 140	28 917	28 917	60 706	9 677	9 581
<u>Computer Equipment</u>	2 867	160	1 244	543	1 249	1 249	570	-	-
Computer Equipment	2 867	160	1 244	543	1 249	1 249	570	-	-
<u>Furniture and Office Equipment</u>	115	192	566	1 227	537	537	1 437	155	202
Furniture and Office Equipment	115	192	566	1 227	537	537	1 437	155	202
<u>Machinery and Equipment</u>	6 728	10 318	19 275	28 526	11 374	11 374	6 721	9 616	14 842
Machinery and Equipment	6 728	10 318	19 275	28 526	11 374	11 374	6 721	9 616	14 842
<u>Transport Assets</u>	10 405	9 398	12 277	33 410	52 997	52 997	20 808	47 432	32 626
Transport Assets	10 405	9 398	12 277	33 410	52 997	52 997	20 808	47 432	32 626
Total Capital Expenditure on new assets	82 182	323 454	477 354	334 400	381 527	381 527	351 401	331 780	328 973

Table 68 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	80 316	44 301	12 067	110 838	120 060	120 060	127 139	147 252	153 289
Roads Infrastructure	42 191	3 757	–	40 588	32 747	32 747	44 800	42 000	43 300
<i>Roads</i>	41 347	3 682	–	38 588	30 755	30 755	44 800	42 000	43 300
<i>Road Structures</i>	844	75	–	1 000	1 000	1 000	–	–	–
<i>Road Furniture</i>	–	–	–	1 000	992	992	–	–	–
Electrical Infrastructure	9 309	11 235	1 168	49 050	66 141	66 141	55 889	49 823	49 960
<i>HV Substations</i>	–	–	–	4 500	–	–	8 300	4 500	–
<i>HV Switching Station</i>	745	899	–	–	–	–	–	–	–
<i>HV Transmission Conductors</i>	559	674	–	4 100	31 207	31 207	10 000	2 527	–
<i>MV Substations</i>	–	–	–	–	14 038	14 038	–	–	–
<i>MV Switching Stations</i>	3 537	4 269	–	12 000	–	–	–	–	3 360
<i>MV Networks</i>	1 862	2 247	–	16 350	15 286	15 286	19 089	14 296	7 000
<i>LV Networks</i>	2 606	3 146	1 168	12 100	5 610	5 610	18 500	28 500	39 600
Water Supply Infrastructure	20 994	29 314	10 899	16 200	17 270	17 270	13 300	31 053	37 253
<i>Reservoirs</i>	630	879	–	–	–	–	–	–	–
<i>Pump Stations</i>	–	–	–	300	300	300	–	–	–
<i>Water Treatment Works</i>	1 260	1 759	–	–	–	–	–	–	–
<i>Distribution</i>	19 104	26 676	10 899	15 900	16 970	16 970	12 300	31 053	37 253
Sanitation Infrastructure	7 710	(77)	–	5 000	3 902	3 902	9 650	18 876	18 076
<i>Pump Station</i>	5 937	(59)	–	3 000	1 700	1 700	6 500	14 000	13 200
<i>Reticulation</i>	1 773	(18)	–	2 000	2 202	2 202	2 300	4 000	4 000
<i>Capital Spares</i>	–	–	–	–	–	–	850	876	876

Table SA34b - Capital expenditure on the renewal of existing assets by asset class (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	80 316	44 301	12 067	110 838	120 060	120 060	127 139	147 252	153 289
Solid Waste Infrastructure	114	72	–	–	–	–	–	–	–
<i>Waste Transfer Stations</i>	114	72	–	–	–	–	–	–	–
Information and Communication Infrastructure	–	–	–	–	–	–	3 500	5 500	4 700
<i>Data Centres</i>	–	–	–	–	–	–	3 500	5 500	4 700
Community Assets	114 067	667	412	5 900	8 673	8 673	5 187	6 700	7 936
Community Facilities	92 874	655	412	5 000	7 046	7 046	4 287	5 500	6 236
<i>Halls</i>	88 453	500	412	–	1 558	1 558	2 196	2 100	3 210
<i>Clinics/Care Centres</i>	119	–	–	–	–	–	–	–	–
<i>Fire/Ambulance Stations</i>	338	–	–	–	–	–	–	–	–
<i>Libraries</i>	1 911	–	–	480	278	278	1 000	2 000	1 526
<i>Cemeteries/Crematoria</i>	1 216	–	–	900	–	–	591	1 100	1 500
<i>Public Open Space</i>	836	155	–	–	–	–	–	–	–
<i>Markets</i>	–	–	–	3 270	–	–	–	–	–
<i>Taxi Ranks/Bus Terminals</i>	–	–	–	350	5 210	5 210	500	300	–
Sport and Recreation Facilities	21 193	12	–	900	1 627	1 627	900	1 200	1 700
<i>Outdoor Facilities</i>	21 193	12	–	900	1 627	1 627	900	1 200	1 700
Heritage assets	–	–	–	–	–	–	245	250	358
Historic Buildings	–	–	–	–	–	–	245	250	358
Other assets	103 924	1 063	14 393	9 727	10 066	10 066	11 797	8 380	16 415
Operational Buildings	96 932	1 063	4 817	4 227	10 066	10 066	11 797	8 380	16 415
<i>Municipal Offices</i>	96 932	1 063	4 817	4 227	10 066	10 066	11 797	8 380	16 415
Housing	6 992	–	9 576	5 500	–	–	–	–	–
<i>Staff Housing</i>	–	–	9 576	5 500	–	–	–	–	–
<i>Social Housing</i>	6 992	–	–	–	–	–	–	–	–

Table SA34b - Capital expenditure on the renewal of existing assets by asset class (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Intangible Assets	592	–	–	–	827	827	–	–	–
Licences and Rights	592	–	–	–	827	827	–	–	–
Computer Software and Applications	592	–	–	–	827	827	–	–	–
Computer Equipment	20 266	2 436	237	–	14	14	5 391	2 703	4 478
Computer Equipment	20 266	2 436	237	–	14	14	5 391	2 703	4 478
Furniture and Office Equipment	946	–	–	541	1 813	1 813	380	260	597
Furniture and Office Equipment	946	–	–	541	1 813	1 813	380	260	597
Machinery and Equipment	41 142	19 360	2 735	2 400	2 629	2 629	8 180	10 135	11 428
Machinery and Equipment	41 142	19 360	2 735	2 400	2 629	2 629	8 180	10 135	11 428
Transport Assets	10 937	2 500	711	–	–	–	–	–	–
Transport Assets	10 937	2 500	711	–	–	–	–	–	–
Total Capital Expenditure on renewal of existing assets	372 190	70 327	30 555	129 406	144 081	144 081	158 319	175 680	194 501
Renewal of Existing Assets as % of total capex	0.0%	17.9%	6.0%	24.8%	25.3%	25.3%	30.1%	33.0%	35.3%
Renewal of Existing Assets as % of deprecn"	109.5%	20.0%	8.7%	34.3%	38.2%	38.2%	42.1%	43.0%	43.6%

Table 69 MBRR SA34e – Capital expenditure on the upgrading of existing assets by asset class

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	–	–	–	39 970	24 340	24 340	11 940	23 737	27 237
Roads Infrastructure	–	–	–	13 000	12 600	12 600	11 740	23 000	26 500
<i>Roads</i>	–	–	–	13 000	12 600	12 600	11 740	23 000	26 500
Electrical Infrastructure	–	–	–	8 000	1 950	1 950	–	–	–
<i>MV Switching Stations</i>	–	–	–	8 000	1 950	1 950	–	–	–
Water Supply Infrastructure	–	–	–	800	1 100	1 100	200	737	737
<i>Distribution</i>	–	–	–	800	1 100	1 100	200	737	737
Sanitation Infrastructure	–	–	–	15 000	6 200	6 200	–	–	–
<i>Pump Station</i>	–	–	–	9 000	1 200	1 200	–	–	–
<i>Reticulation</i>	–	–	–	6 000	5 000	5 000	–	–	–
Information and Communication Infrastructure	–	–	–	3 170	2 490	2 490	–	–	–
<i>Data Centres</i>	–	–	–	3 170	2 490	2 490	–	–	–
Community Assets	–	–	–	7 430	10 518	10 518	3 501	802	–
Community Facilities	–	–	–	6 650	8 638	8 638	600	802	–
<i>Halls</i>	–	–	–	3 000	4 988	4 988	–	–	–
<i>Libraries</i>	–	–	–	150	150	150	600	802	–
<i>Stalls</i>	–	–	–	3 500	3 500	3 500	–	–	–
Sport and Recreation Facilities	–	–	–	780	1 880	1 880	2 901	–	–
<i>Outdoor Facilities</i>	–	–	–	780	1 880	1 880	2 901	–	–

Table SA34e – Capital expenditure on the upgrading of existing assets by asset class (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Other assets	–	–	–	9 550	8 758	8 758	–	–	–
Operational Buildings	–	–	–	9 550	8 758	8 758	–	–	–
Municipal Offices	–	–	–	7 550	8 758	8 758	–	–	–
Depots	–	–	–	2 000	–	–	–	–	–
Intangible Assets	–	–	–	500	500	500	–	–	–
Licences and Rights	–	–	–	500	500	500	–	–	–
Computer Software and Applications	–	–	–	500	500	500	–	–	–
Machinery and Equipment	–	–	–	–	780	780	–	–	–
Machinery and Equipment	–	–	–	–	780	780	–	–	–
Total Capital Expenditure on upgrading of existing assets	–	–	–	57 450	44 896	44 896	15 441	24 539	27 237
<i>Upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	11.0%	7.9%	7.9%	2.9%	4.6%	4.9%
<i>Upgrading of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	15.2%	11.9%	11.9%	4.1%	6.0%	6.1%

Table 70 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	91 872	256 209	247 665	394 413	412 342	412 342	471 241	501 821	534 520
Roads Infrastructure	2 634	70 826	75 976	91 356	89 069	89 069	95 313	100 991	107 545
<i>Roads</i>	2 054	53 106	75 976	71 472	71 830	71 830	83 694	88 760	94 679
<i>Road Structures</i>	237	6 611	–	7 876	10 111	10 111	2 884	3 040	3 209
<i>Road Furniture</i>	342	11 109	–	12 008	7 128	7 128	8 735	9 190	9 658
Storm water Infrastructure	–	8 918	–	30 794	31 441	31 441	38 687	41 203	43 462
<i>Drainage Collection</i>	–	201	–	13 835	13 392	13 392	5 784	6 124	6 462
<i>Storm water Conveyance</i>	–	8 718	–	16 959	18 049	18 049	32 903	35 079	37 001
Electrical Infrastructure	17 888	45 546	53 744	122 835	142 047	142 047	160 750	172 375	185 012
<i>HV Transmission Conductors</i>	1 431	10 697	–	9 242	9 238	9 238	9 846	10 506	11 189
<i>MV Networks</i>	12 164	25 008	7 911	83 831	103 758	103 758	101 928	109 895	118 812
<i>LV Networks</i>	4 293	9 841	45 833	29 762	29 050	29 050	48 976	51 974	55 011
Water Supply Infrastructure	619	87 402	81 723	91 027	87 790	87 790	105 918	111 337	117 466
<i>Distribution</i>	526	82 029	81 723	77 438	74 856	74 856	102 051	107 237	113 141
<i>Distribution Points</i>	93	5 374	–	13 589	12 934	12 934	3 868	4 100	4 325
Sanitation Infrastructure	51 931	42 223	34 816	54 242	57 969	57 969	65 303	70 329	75 140
<i>Pump Station</i>	28 562	18 051	–	29 912	29 507	29 507	37 428	39 674	42 059
<i>Reticulation</i>	22 850	23 801	34 816	23 771	27 903	27 903	27 875	30 655	33 081
<i>Toilet Facilities</i>	519	371	–	559	559	559	–	–	–
Solid Waste Infrastructure	11	–	–	–	–	–	–	–	–
<i>Waste Transfer Stations</i>	11	–	–	–	–	–	–	–	–
Rail Infrastructure	2 897	–	1 385	1 117	1 117	1 117	1 175	1 246	1 315
<i>Rail Lines</i>	2 897	–	1 385	1 117	1 117	1 117	–	–	–
<i>Rail Structures</i>	–	–	–	–	–	–	1 175	1 246	1 315
Information and Communication Infrastructure	15 892	1 293	21	3 043	2 911	2 911	4 095	4 341	4 579
<i>Data Centres</i>	15 892	1 293	21	3 043	2 911	2 911	4 095	4 341	4 579

Table MBRR SA34c - Repairs and maintenance expenditure by asset class (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>									
<u>Community Assets</u>	118 018	69 026	59 882	69 734	69 649	69 649	98 193	104 862	112 136
Community Facilities	97 218	57 322	6 028	6 995	6 810	6 810	88 266	94 328	100 903
Halls	9 091	4 289	3 507	2 872	2 792	2 792	20 288	21 743	23 305
Clinics/Care Centres	–	–	–	–	–	–	155	164	173
Fire/Ambulance Stations	763	269	78	354	349	349	370	391	427
Museums	436	38	140	98	98	98	105	113	122
Libraries	2 333	893	656	919	819	819	890	951	1 017
Cemeteries/Crematoria	4 743	2 029	1 640	2 713	2 713	2 713	3 078	3 272	3 478
Police	184	27	7	–	–	–	–	–	–
Parks	–	49 749	–	–	–	–	62 723	66 971	71 587
Public Open Space	79 669	–	–	–	–	–	–	–	–
Public Ablution Facilities	–	–	–	–	–	–	616	679	748
Taxi Ranks/Bus Terminals	–	27	–	39	39	39	42	44	47
Sport and Recreation Facilities	20 800	11 704	53 854	62 740	62 839	62 839	9 927	10 534	11 233
Outdoor Facilities	20 800	11 704	53 854	62 740	62 839	62 839	9 927	10 534	11 233
	–	–	–	–	1	1	–	–	–
<u>Other assets</u>	112 722	20 121	25 097	17 663	16 057	16 057	897	985	1 081
Operational Buildings	112 561	19 922	24 940	17 124	15 517	15 517	299	321	344
Municipal Offices	112 561	19 922	24 940	17 124	15 517	15 517	299	321	344
Housing	162	199	157	540	540	540	598	664	737
Social Housing	162	199	157	540	540	540	598	664	737
<u>Computer Equipment</u>	–	–	–	798	930	930	–	–	–
Computer Equipment	–	–	–	798	930	930	–	–	–
<u>Furniture and Office Equipment</u>	–	–	–	28	33	33	616	653	689
Furniture and Office Equipment	–	–	–	28	33	33	616	653	689

Table MBRR SA34c - Repairs and maintenance expenditure by asset class (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class									
Machinery and Equipment	17 744	4 449	17 225	17 956	2 428	2 428	1 478	1 567	1 653
Machinery and Equipment	17 744	4 449	17 225	17 956	2 428	2 428	1 478	1 567	1 653
Transport Assets	69 177	19 415	29 954	33 705	33 705	33 705	35 784	38 196	40 664
Transport Assets	69 177	19 415	29 954	33 705	33 705	33 705	35 784	38 196	40 664
Total Repairs and Maintenance Expenditure	409 534	369 221	379 822	534 296	535 142	535 142	608 208	648 082	690 742
R&M as a % of PPE	8.5%	7.6%	7.3%	10.2%	10.1%	10.1%	11.5%	11.8%	12.3%
R&M as % Operating Expenditure	15.8%	14.2%	13.4%	18.5%	18.9%	18.9%	21.5%	21.5%	21.5%

Table 71 MBRR SA34d – Depreciation by asset class

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Depreciation by Asset Class/Sub-class									
Infrastructure	278 439	285 909	272 546	248 606	248 606	248 606	290 457	309 587	336 018
Roads Infrastructure	87 430	89 279	67 032	63 867	63 867	63 867	68 089	73 851	79 825
<i>Roads</i>	82 184	83 922	58 903	60 253	60 253	60 253	60 009	65 119	70 434
<i>Road Structures</i>	4 371	4 464	695	2 891	2 891	2 891	496	536	576
<i>Road Furniture</i>	874	893	7 434	723	723	723	7 585	8 197	8 815
Storm water Infrastructure	–	–	17 433	–	–	–	17 661	17 661	17 836
<i>Drainage Collection</i>	–	–	17 433	–	–	–	1 631	1 631	1 647
<i>Storm water Conveyance</i>	–	–	–	–	–	–	16 029	16 029	16 189
Electrical Infrastructure	26 878	32 086	29 590	57 928	57 928	57 928	36 230	42 496	50 482
<i>HV Substations</i>	–	–	–	–	–	–	7 637	8 858	10 423
<i>HV Switching Station</i>	1 075	1 283	–	–	–	–	–	–	–
<i>HV Transmission Conductors</i>	806	963	217	4 192	4 192	4 192	21 122	24 497	28 825
<i>MV Switching Stations</i>	7 795	9 305	982	14 456	14 456	14 456	1 164	1 351	1 589
<i>MV Networks</i>	11 826	14 118	18 225	24 100	24 100	24 100	814	945	1 111
<i>LV Networks</i>	5 376	6 417	10 167	15 179	15 179	15 179	5 492	6 846	8 533
Water Supply Infrastructure	116 801	120 342	111 157	65 221	65 221	65 221	128 392	132 062	135 944
<i>Boreholes</i>	–	–	41	–	–	–	–	–	–
<i>Reservoirs</i>	2 336	2 407	11 233	1 301	1 301	1 301	14 465	14 590	14 720
<i>Pump Stations</i>	–	–	–	–	–	–	3 130	3 209	3 292
<i>Water Treatment Works</i>	1 168	1 203	–	723	723	723	–	–	–
<i>Distribution</i>	109 793	113 122	99 626	61 390	61 390	61 390	110 796	114 263	117 932
<i>Distribution Points</i>	3 504	3 610	258	1 807	1 807	1 807	–	–	–

Table MBRR SA34d – Depreciation by asset class (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<u>Depreciation by Asset Class/Sub-class</u>									
Sanitation Infrastructure	44 606	41 864	44 888	57 853	57 853	57 853	36 280	40 168	49 017
<i>Pump Station</i>	7 137	6 698	5 329	9 324	9 324	9 324	5 997	7 996	8 672
<i>Reticulation</i>	20 073	18 839	18 511	26 026	26 026	26 026	29 013	30 872	39 008
<i>Waste Water Treatment Works</i>	17 396	16 327	21 048	22 503	22 503	22 503	78	78	78
<i>Toilet Facilities</i>	–	–	–	–	–	–	1 192	1 223	1 259
Solid Waste Infrastructure	–	1 380	87	1 084	1 084	1 084	1 909	824	250
<i>Waste Transfer Stations</i>	–	1 380	87	1 084	1 084	1 084	1 909	824	250
Rail Infrastructure	27	800	–	–	–	–	175	175	175
<i>Rail Lines</i>	27	800	–	–	–	–	–	–	–
<i>Rail Structures</i>	–	–	–	–	–	–	175	175	175
Information and Communication Infrastructure	2 696	158	2 359	2 653	2 653	2 653	1 722	2 350	2 490
<i>Data Centres</i>	2 696	158	2 359	2 653	2 653	2 653	1 722	2 350	2 490
<u>Community Assets</u>	11 477	14 497	16 344	23 001	23 001	23 001	20 144	21 084	22 795
Community Facilities	4 040	4 557	6 769	12 305	12 305	12 305	6 862	7 289	8 423
<i>Halls</i>	2 086	962	1 419	2 995	2 995	2 995	2 569	2 724	2 903
<i>Centres</i>	–	–	146	–	–	–	–	–	–
<i>Crèches</i>	–	–	229	–	–	–	–	–	–
<i>Clinics/Care Centres</i>	26	–	183	–	–	–	–	–	–
<i>Fire/Ambulance Stations</i>	219	689	280	–	–	–	591	609	629
<i>Testing Stations</i>	–	–	–	–	–	–	–	–	–
<i>Museums</i>	–	(87)	–	–	–	–	–	–	–
<i>Libraries</i>	538	963	871	1 128	1 128	1 128	1 078	1 205	1 952
<i>Cemeteries/Crematoria</i>	695	776	765	651	651	651	881	930	1 006
<i>Police</i>	–	163	–	–	–	–	–	–	–
<i>Parks</i>	–	–	–	–	–	–	745	799	881

Table MBRR SA34d – Depreciation by asset class (continued)

Description R thousand	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Depreciation by Asset Class/Sub-class</u>									
Public Open Space	476	1 092	1 865	–	–	–	–	–	–
Public Ablution Facilities	–	–	825	–	–	–	–	–	–
Markets	–	–	–	3 665	3 665	3 665	–	–	–
Stalls	–	–	–	2 530	2 530	2 530	–	–	–
Taxi Ranks/Bus Terminals	–	–	186	1 337	1 337	1 337	998	1 023	1 051
Sport and Recreation Facilities	7 437	9 940	9 574	10 696	10 696	10 696	13 282	13 795	14 372
Indoor Facilities	–	–	13	–	–	–	–	–	–
Outdoor Facilities	7 437	9 940	9 562	10 696	10 696	10 696	13 282	13 795	14 372
<u>Investment properties</u>	737	738	746	78	78	78	157	168	177
Revenue Generating	–	–	746	–	–	–	157	168	177
Improved Property	–	–	746	–	–	–	157	168	177
Non-revenue Generating	737	738	–	78	78	78	–	–	–
Improved Property	737	738	–	78	78	78	–	–	–
<u>Other assets</u>	14 589	14 344	14 796	28 720	28 720	28 720	17 749	22 890	27 360
Operational Buildings	13 010	12 504	12 901	24 745	24 745	24 745	15 842	20 984	25 454
Municipal Offices	13 010	12 504	12 901	23 299	23 299	23 299	15 842	20 984	25 454
Depots	–	–	–	1 446	1 446	1 446	–	–	–
Housing	1 580	1 839	1 896	3 975	3 975	3 975	1 907	1 907	1 907
Social Housing	1 580	1 839	1 896	3 975	3 975	3 975	1 907	1 907	1 907

Table MBRR SA34d – Depreciation by asset class (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<u>Depreciation by Asset Class/Sub-class</u>									
<u>Intangible Assets</u>	2 621	2 319	2 431	29 231	29 231	29 231	3 455	4 716	4 996
Licences and Rights	2 621	2 319	2 431	29 231	29 231	29 231	3 455	4 716	4 996
<i>Computer Software and Applications</i>	2 621	2 319	2 431	29 231	29 231	29 231	3 455	4 716	4 996
<u>Computer Equipment</u>	6 240	5 875	5 838	392	392	392	6 630	9 011	9 542
Computer Equipment	6 240	5 875	5 838	392	392	392	6 630	9 011	9 542
<u>Furniture and Office Equipment</u>	1 381	1 143	3 963	620	620	620	2 663	3 120	3 601
Furniture and Office Equipment	1 381	1 143	3 963	620	620	620	2 663	3 120	3 601
<u>Machinery and Equipment</u>	9 253	1 170	23 595	16 990	16 990	16 990	15 849	17 758	19 920
Machinery and Equipment	9 253	1 170	23 595	16 990	16 990	16 990	15 849	17 758	19 920
<u>Transport Assets</u>	15 197	25 351	12 130	29 209	29 209	29 209	18 963	20 196	22 078
Transport Assets	15 197	25 351	12 130	29 209	29 209	29 209	18 963	20 196	22 078
Total Depreciation	339 935	351 346	352 390	376 848	376 848	376 848	376 066	408 532	446 488

Table 72 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
Capital expenditure							
Vote 1 - CITY DEVELOPMENT	3 326	1 650	1 995	2 105	2 220	2 343	
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	3 257	4 460	4 657	4 913	5 183	5 468	
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	315	340	454	479	505	533	
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	31 132	41 466	44 320	46 758	49 329	52 042	
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	49 289	12 596	21 425	22 604	23 847	25 158	
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	72 370	15 527	20 513	21 641	22 832	24 087	
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	–	–	–	–	–	–	
Vote 8 - FINANCIAL SERVICES	354	393	448	473	499	526	
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	114 540	158 205	155 140	163 672	172 674	182 172	
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	116 896	177 230	185 853	196 075	206 859	218 236	
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	133 054	118 161	115 205	121 542	128 226	135 279	
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	200	70	77	81	86	90	
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	427	1 902	624	658	695	733	
Total Capital Expenditure	525 161	531 999	550 712	581 001	612 956	646 668	–
Future operational costs by vote							
Vote 1 - CITY DEVELOPMENT	90 804	97 891	106 278	113 187	120 544	128 379	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	263 115	278 200	299 801	319 288	340 041	362 144	–
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	74 743	81 749	88 877	94 654	100 806	107 359	–
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	232 752	250 684	269 595	287 119	305 781	325 657	–
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	11 813	15 208	18 812	20 034	21 336	22 723	–
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	4 659	5 050	5 443	5 797	6 173	6 575	–
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	4 556	4 939	5 328	5 674	6 043	6 436	–
Vote 8 - FINANCIAL SERVICES	22 184	23 793	25 422	27 074	28 834	30 708	–
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	1 265 498	1 332 219	1 421 322	1 513 708	1 612 099	1 716 885	–

Table MBRR SA35 - Future financial implications of the capital budget (continued)

Vote Description R thousand	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
Future operational costs by vote							
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	718 550	763 973	818 646	871 858	928 529	988 883	–
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	251 950	269 354	288 404	307 150	327 114	348 377	–
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	42 085	45 323	48 894	52 073	55 457	59 062	–
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	33 790	39 608	45 477	48 433	51 581	54 934	–
Total future operational costs	3 016 498	3 207 989	3 442 297	3 666 046	3 904 339	4 158 121	–
Future revenue by source							
Property rates	474 453	501 849	531 960	566 537	603 362	642 581	–
Service charges - electricity revenue	1 579 530	1 671 088	1 787 953	1 904 170	2 027 941	2 159 757	–
Service charges - water revenue	337 842	357 411	386 049	411 142	437 866	466 327	–
Service charges - sanitation revenue	99 625	105 398	111 722	118 984	126 718	134 954	–
Service charges - refuse revenue	80 372	85 029	89 955	95 803	102 030	108 662	–
Rental of facilities and equipment	8 449	8 871	9 347	9 955	10 602	11 291	–
<i>Interest Earned - External Investments</i>	55 000	58 000	60 000	63 900	68 054	72 477	–
<i>Interest Earned - Outstanding Debtors</i>	3 398	3 568	3 782	4 028	4 290	4 568	–
<i>Fines, Penalties and Forfeits</i>	4 087	4 292	4 506	4 799	5 111	5 443	–
<i>Licences and Permits</i>	3 808	3 998	4 198	4 471	4 761	5 071	–
<i>Agency Services</i>	7 797	8 186	8 677	9 241	9 842	10 482	–
<i>Transfer Recognised - Operational</i>	356 638	386 385	426 009	453 699	483 190	514 597	–
<i>Other Revenue</i>	43 875	46 558	49 470	52 686	56 110	59 758	–
<i>Transfers and Subsidies - Capital</i>	129 224	165 728	176 733	188 220	200 455	213 484	–
Total future revenue	3 184 097	3 406 361	3 650 360	3 887 634	4 140 330	4 409 451	–
Net Financial Implications	357 561	333 627	342 648	359 413	376 965	395 338	–

Table 73 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 1 - CITY DEVELOPMENT	CONSTRUCTION OF SMME RETAIL PARKS (RICHARDS BAY AND ESIKHALENI)	3.1	10 000	–	–	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF STEEL BRIDGE	2.1	7 000	–	5 000	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF MARKET STALLS (NSELENI, MADLANKALA & EMPANGENI)	3.1	1 192	1 500	1 800	23 & 5	N
	CITY DEVELOPMENT PROJECTS	3.1	133	150	195	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF STEEL BRIDGE	2.1	–	15 000	–	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF TAXI RANKS (BUILDINGS AND SURROUNDING) - LOT 63, RICHARDS BAY AND A RANK)	2.1	354	400	517	WHOLE OF MUNICIPALITY	N
	PORT DURNFORD UPGRADE: SUPPLY & MAINTENANCE OF SHARK NETS	3.1	2 001	–	–	WHOLE OF MUNICIPALITY	U
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	OCCUPATIONAL HEALTH CLINIC	1.1	444	700	649	WHOLE OF MUNICIPALITY	N
	AIR POLLUTION EQUIPMENT	3.3	200	210	403	WHOLE OF MUNICIPALITY	N
	4X4 LDV DOUBLE CAB VEHICLE (REFUSE)	2.1	779	–	–	WHOLE OF MUNICIPALITY	N
	FIRE FIGHTING EQUIPMENT	3.2	559	650	581	WHOLE OF MUNICIPALITY	N
	REFUSE TRUCKS	2.1	5 000	–	6 000	WHOLE OF MUNICIPALITY	R
	REFUSE TRUCKS	2.1	–	5 000	–	WHOLE OF MUNICIPALITY	R
	SKIPS	2.1	1 700	2 500	2 507	WHOLE OF MUNICIPALITY	R
Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	EQUIPMENT FOR TRAFFIC	2.1	215	220	314	WHOLE OF MUNICIPALITY	N
	EQUIPMENT FOR TRAFFIC LICENSING	2.1	100	120	140	WHOLE OF MUNICIPALITY	N

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	CONSTRUCTION OF SPORTS FIELD	3.4	–	–	5 500	WHOLE OF MUNICIPALITY	N
	BEAUTIFICATION (ALL AREAS)	3.4	1 440	3 000	2 217	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF SPORTS FIELD	3.4	–	4 000	–	WHOLE OF MUNICIPALITY	N
	UMHLATHUZE STADIUM RENOVATIONS	3.4	1 000	3 000	2 500	WHOLE OF MUNICIPALITY	N
	FURNITURE FOR CEMETERY	3.3	50	–	–	WHOLE OF MUNICIPALITY	N
	AUTOMATIC FRONT DOORS	3.4	200	–	–	WHOLE OF MUNICIPALITY	N
	ESIKHALENI LIBRARY - FURNITURE	3.4	400	–	–	WHOLE OF MUNICIPALITY	N
	RICHARDS BAY LIBRARY - FURNITURE	3.4	250	–	–	WHOLE OF MUNICIPALITY	N
	LAPTOP: CHIEF OFFICER (I MTHIMKHULU)	1.1	30	–	–	WHOLE OF MUNICIPALITY	N
	REPLACEMENT COMPUTERS FOR: A PIETERSE, S SIHLANGU & M KHOZA	1.1	100	–	–	WHOLE OF MUNICIPALITY	N
	IT EQUIPMENT - 1 CORDLESS DECT PHONE HEADSET SAVI N1740 (FOR COMPLAINTS DESK AT PARKS DEPOT)	1.1	10	–	–	WHOLE OF MUNICIPALITY	N
	LAPTOP: CHIEF OFFICER (R MNTAMBO)	1.1	30	–	–	WHOLE OF MUNICIPALITY	N
	BUILDING & STRUCTURE REPAIR WORK	3.4	400	–	450	WHOLE OF MUNICIPALITY	N
	BOARDWALK & RAMP	3.4	200	–	225	WHOLE OF MUNICIPALITY	N
	PORTABLE TOWER X 2	3.4	–	–	113	WHOLE OF MUNICIPALITY	N
	LIFEGUARD EQUIPMENT: 10 x malibu board @ R10000 each,	3.4	42	165	150	WHOLE OF MUNICIPALITY	N
	2 x AIRCONDITIONERS (EMPANGENI DEPOT)	2.1	–	–	–	WHOLE OF MUNICIPALITY	N
	VARIOUS SMALL MACHINERY (HORTICULTURE)	2.1	200	200	200	WHOLE OF MUNICIPALITY	N
	PORTABLE FILTERS X 10	3.4	200	–	–	WHOLE OF MUNICIPALITY	N

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	INSTALLATION OF OUTDOOR GYM	3.4	1 000	–	–	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF KICK-ABOUTS X 2	3.4	300	–	–	WHOLE OF MUNICIPALITY	N
	DESIGN OF SPORT COMPLEX MASTER PLAN	3.4	1 000	–	–	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF IRRIGATION SYSTEM AT CENTRAL SPORT COMPLEX	3.4	1 000	–	–	WHOLE OF MUNICIPALITY	N
	MACHINERY FOR SPORT FACILITIES MAINTENANCE	3.4	800	–	–	WHOLE OF MUNICIPALITY	N
	NEW CEMETERY DEVELOPMENT	3.3	591	1 100	1 500	WHOLE OF MUNICIPALITY	R
	REFURBISHMENT OF HALLS - VARIOUS	3.4	2 196	2 100	3 210	WHOLE OF MUNICIPALITY	R
	ENSELENI LIBRARY - BUILDING EXTENSION	3.4	–	2 000	–	WHOLE OF MUNICIPALITY	R
	NGWELEZANE LIBRARY UPGRADING/RENOVATION	3.4	1 000	–	–	WHOLE OF MUNICIPALITY	R
	RENOVATIONS / IMPROVEMENTS TO VARIOUS LIBRARIES	3.4	–	–	1 526	WHOLE OF MUNICIPALITY	R
	REFURBISHMENT OF EMPANGENI MUSEUM	3.4	245	250	358	WHOLE OF MUNICIPALITY	R
	VARIOUS SMALL MACHINERY	2.1	–	250	–	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF SLASHERS	2.1	–	200	200	WHOLE OF MUNICIPALITY	R
	IMPROVEMENTS / RENOVATIONS TO VARIOUS SWIMMING POOLS	3.4	900	1 200	1 700	WHOLE OF MUNICIPALITY	R
	UPGRADING RURAL SPORTSFIELDS	3.4	900	–	–	WHOLE OF MUNICIPALITY	U
	RICHARDS BAY LIBRARY - UPGRADING AND RENOVATION	3.4	600	802	–	WHOLE OF MUNICIPALITY	U
	CONSTRUCTION OF INFRASTRUCTURE FOR SPORTS FACILITIES	3	7 850	8 243	8 655	WHOLE OF MUNICIPALITY	N

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 5 - CORPORATE SERVICES - ADMINISTRATION	OFFICE RECONFIGURATIONS	2.1	5 000	–	5 000	WHOLE OF MUNICIPALITY	N
	OFFICE RECONFIGURATIONS	2.1	–	4 206	–	WHOLE OF MUNICIPALITY	N
	RENOVATION OF VULINDLELA FINANCE OFFICE	2.1	4 000	–	–	10,11,30,34	R
	RENOVATIONS - NGWELEZANA FINANCE OFFICE	2.1	6 000	–	–	24,25,27,28	R
	CONSTRUCTION - EMPANGENI FINANCE OFFICE	2.1	–	–	15 000	9	R
	FINANCE AND ADMIN (ADMIN) PROJECTS	2.1	68	80	100	WHOLE OF MUNICIPALITY	R
	RENOVATIONS - eNSELENI FINANCE OFFICE	2.1	–	7 000	–	5,6,7,8	R
	MAYOR AND COUNCIL PROJECTS	2.1	99	150	145	WHOLE OF MUNICIPALITY	R
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	RADIO INFRASTRUCTURE UPGRADE	1.1	–	–	2 000	WHOLE OF MUNICIPALITY	N
	PUBLIC WIFI	1.1	2 700	–	5 000	WHOLE OF MUNICIPALITY	N
	PUBLIC WIFI	1.1	–	3 000	–	WHOLE OF MUNICIPALITY	N
	AIR CONDITIONING - ICT SECTION	2.1	100	–	–	WHOLE OF MUNICIPALITY	N
	ONLINE ELECTRICAL APPLICATION SYSTEM	1.1	200	–	–	WHOLE OF MUNICIPALITY	N
	DATA POINTS NEW / ADDITIONAL	1.1	31	–	–	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT (SOFTWARE)	1.1	1 000	2 000	1 500	WHOLE OF MUNICIPALITY	N
	NEW & REPLACEMENT OF IT RELATED EQUIPMENT	1.1	4 182	–	4 000	WHOLE OF MUNICIPALITY	R
	NEW & REPLACEMENT OF IT RELATED EQUIPMENT	1.1	–	2 500	–	WHOLE OF MUNICIPALITY	R
	NETWORK INFRASTRUCTURE UPGRADE	1.1	1 500	2 000	2 200	WHOLE OF MUNICIPALITY	R
	MOBILE GIS DATABASE ENHANCEMENTS AND CAPTURING	1.1	200	263	800	WHOLE OF MUNICIPALITY	R
	SERVER INFRASTRUCTURE	1.1	2 000	3 500	–	WHOLE OF MUNICIPALITY	R

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	LAPTOP FOR ADMINISTRATION	1.1	196	–	–	WHOLE OF MUNICIPALITY	R
	CABLING INFRASTRUCTURE UPGRADE: EMPANGENI CIVIC 1	1.1	–	–	2 500	WHOLE OF MUNICIPALITY	R
	LAPTOP FOR PUBLIC PARTICIPATION AND COUNCILLOR SUPPORT	1.1	239	–	–	WHOLE OF MUNICIPALITY	R
	PORTABLE PA SYSTEM X 2	1.1	80	–	–	WHOLE OF MUNICIPALITY	R
Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	FINANCE AND ADMIN (HUMAN RESOURCES) PROJECTS	2.1	130	150	170	WHOLE OF MUNICIPALITY	R
Vote 8 - FINANCIAL SERVICES	SCM SECOND FLOOR (INCL FURNITURE AND IT EQUIPMENT)	2.1	13 000	–	–	WHOLE OF MUNICIPALITY	N
	FINANCIAL ERP SYSTEM	1.1	57 372	–	–	WHOLE OF MUNICIPALITY	N
	REPLACEMENT EQUIPMENT ALL FS SECTIONS	2.1	174	203	228	WHOLE OF MUNICIPALITY	R
	REPLACEMENT FURNITURE ALL FS SECTIONS	2.1	180	190	220	WHOLE OF MUNICIPALITY	R
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	METERING OF 132KV AND 11KV FEEDERS	2.1	–	–	1 908	WHOLE OF MUNICIPALITY	N
	ELECTRIFICATION BRACKENHAM	2.1	–	–	26		N
	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	2.1	12 000	–	15 000	15-19,30	N
	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	2.1	2 000	–	4 550	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	2.1	–	–	5 169	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF APN CONNECTIVITY SYSTEM	2.1	634	–	912	WHOLE OF MUNICIPALITY	N
	METERING OF 132KV AND 11KV FEEDERS	2.1	–	1 817	–	WHOLE OF MUNICIPALITY	N
	HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	2.1	–	15 000	–	15-19,30	N

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	INSTALLATION OF STREETLIGHTING IN VARIOUS AREAS	2.1	–	2 000	–	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF TELECOMMUNICATION NETWORK FOR ENTIRE COU	2.1	–	4 877	–	WHOLE OF MUNICIPALITY	N
	INSTALLATION OF APN CONNECTIVITY SYSTEM	2.1	–	800	–	WHOLE OF MUNICIPALITY	N
	ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 1	2.1	–	6 000	–	WHOLE OF MUNICIPALITY	N
	ELECTRIFICATION OF EMPANGENI MEGA HOUSE PROJECT PHASE 2	2.1	–	–	7 000	WHOLE OF MUNICIPALITY	N
	REPLACEMENT OF NON-ENERGY EFFICIENT ELECTRICAL EQUIPMENT	2.1	6 000	10 000	11 554	WHOLE OF MUNICIPALITY	N
	LAND AND BUILDING -AIRCONS	2.1	16	10	10	WHOLE OF MUNICIPALITY	N
	TOOLS	2.1	32	33	35	WHOLE OF MUNICIPALITY	N
	FURNITURE AND EQUIPMENT	2.1	13	18	19	WHOLE OF MUNICIPALITY	N
	PURCHASING OF FURNITURE	2.1	4	5	7	WHOLE OF MUNICIPALITY	N
	ENERGY SAVING INITIATIVE	2.1	8 900	8 900	8 900	WHOLE OF MUNICIPALITY	N
	RTU's REPLACEMENT	2.1	–	–	5 000	WHOLE OF MUNICIPALITY	R
	NGWELEZANE WATERWORKS 11kV OVERHEAD LINE REPLACEMENT	2.1	1 500	–	–	WHOLE OF MUNICIPALITY	R
	LV ELECTRICAL NETWORK REFUBISHMENT	2.1	3 000	–	–	WHOLE OF MUNICIPALITY	R
	132KV STRUCTURES /PYLONS REFURBISHMENT	2.1	5 000	–	–	WHOLE OF MUNICIPALITY	R
	MV ELECTRICAL NETWORK REFUBISHMENT	2.1	4 089	–	2 000	WHOLE OF MUNICIPALITY	R
	DC SYSTEM REPLACEMENT	2.1	–	–	3 360	WHOLE OF MUNICIPALITY	R
	132kV OVERHEAD LINE REFURBISHMENT	2.1	5 000	–	–	WHOLE OF MUNICIPALITY	R
	11kV FORMALHAULT SWITCHING SWITCHGEAR REPLACEMENT	2.1	12 000	–	–	WHOLE OF MUNICIPALITY	R

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	132 kV STATION REFURBISHMENT	2.1	8 300	–	–	WHOLE OF MUNICIPALITY	R
	11kV LOKOZA SWITCHING SWITCHGEAR REPLACEMENT	2.1	–	–	10 000	WHOLE OF MUNICIPALITY	R
	QUALITY OF SUPPLY	2.1	–	–	–	WHOLE OF MUNICIPALITY	R
	ARIES 11 kV SWITCH STATION - SWITCHGEAR REPLACEMENT	2.1	–	–	5 000	WHOLE OF MUNICIPALITY	R
	POLARIS 11kV SWITCHING SWITCHGEAR REPLACEMENT	2.1	–	–	10 000	WHOLE OF MUNICIPALITY	R
	AQUADENE DEVELOPMENT	2.1	15 000	–	–	26	R
	JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	2.1	2 000	–	3 000	WHOLE OF MUNICIPALITY	R
	EMPANGENI MV ELECTRICAL CABLE NETWORK UPGRADE	2.1	–	–	5 000	WHOLE OF MUNICIPALITY	R
	QUALITY OF SUPPLY	2.1	–	–	2 500	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF 100 ROTTEN POLES	2.1	–	–	1 500	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF 100 RUSTED POLES	2.1	–	–	1 600	WHOLE OF MUNICIPALITY	R
	LV ELECTRICAL NETWORK REFUBISHMENT	2.1	–	2 000	–	WHOLE OF MUNICIPALITY	R
	132KV STRUCTURES /PYLONS REFURBISHMENT	2.1	–	1 027	–	WHOLE OF MUNICIPALITY	R
	MV ELECTRICAL NETWORK REFUBISHMENT	2.1	–	3 663	–	WHOLE OF MUNICIPALITY	R
	DC SYSTEM REPLACEMENT	2.1	–	2 000	–	WHOLE OF MUNICIPALITY	R
	132kV OVERHEAD LINE REFURBISHMENT	2.1	–	1 500	–	WHOLE OF MUNICIPALITY	R
	RTU's REPLACEMENT	2.1	–	2 000	–	WHOLE OF MUNICIPALITY	R
	132 kV STATION REFURBISHMENT	2.1	–	4 500	–	WHOLE OF MUNICIPALITY	R
	CASTOR 11kV SWITCH STATION - SWITCHING SWITCHGEAR REPLACEMENT	2.1	–	7 000	–	WHOLE OF MUNICIPALITY	R
	ATAIR 11kV SWITCHSTATION - SWITCHGEAR	2.1	–	7 500	–	WHOLE OF MUNICIPALITY	R
	EMPANGENI MV ELECTRICAL CABLE NETWORK UPGRADE	2.1	–	4 633	–	WHOLE OF MUNICIPALITY	R

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	JOHN ROSS/EMPANGENI MAIN ROAD STREETLIGHTING INSTALLATION	2.1	–	4 000	–	WHOLE OF MUNICIPALITY	R
	QUALITY OF SUPPLY	2.1	–	2 000	–	WHOLE OF MUNICIPALITY	R
	LV ELECTRICAL NETWORK REFUBISHMENT	2.1	–	3 000	–	WHOLE OF MUNICIPALITY	R
	MV ELECTRICAL NETWORK REFUBISHMENT	2.1	–	4 000	–	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF 100 ROTTEN POLES	2.1	–	1 000	1 000	WHOLE OF MUNICIPALITY	R
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	MZINGAZI SEWER	2.1	–	–	–	WHOLE OF MUNICIPALITY	N
	WASTE WATER MANAGEMENT (SANITATION) PROJECTS	2.1	5 000	–	13 000	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT	2.1	300	–	3 000	WHOLE OF MUNICIPALITY	N
	WATER PROJECTS	2.1	–	–	7 000	2	N
	NTAMBANANA WATER PROJECTS	2.1	12 000	–	8 000	WHOLE OF MUNICIPALITY	N
	NEW WATER METERS	2.1	–	–	3 000	WHOLE OF MUNICIPALITY	N
	CONSTRUCTION OF A SECOND MEERENSEE RESERVOIR (20MI)	2.1	–	–	5 000	1,2,3,4	N
	CONSTRUCTION OF A FOURTH ESIKHALENI RESERVOIR	2.1	800	–	4 000	WHOLE OF MUNICIPALITY	N
	EMPEMBENI RESERVOIR	2.1	800	–	6 000	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT	2.1	–	3 000	–	WHOLE OF MUNICIPALITY	N
	NEW WATER METERS (RURAL) - KWA-DUBE TRADITIONAL AREAS	2.1	–	800	800	14,15,16	N
	CONSTRUCTION OF A FOURTH ESIKHALENI RESERVOIR	2.1	–	5 000	–	WHOLE OF MUNICIPALITY	N

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	CONSTRUCTION OF A SECOND MEERENSEE RESERVOIR (20MI)	2.1	800	7 000	–	1,2,3,4	N
	EMPEMBENI RESERVOIR	2.1	–	7 000	–	13,14,15	N
	REPLACEMENT OF PRESSURE REDUCING VALVES	2.1	400	–	400	WHOLE OF MUNICIPALITY	N
	REDUCTION OF NON-REVENUE (WSIG)	2.1	4 000	10 000	6 000	1 - 30	N
	3 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S						
	2X 10 TON TRUCK WITH 20000LTR						
	1X TLB (4BY4)						
	1 X 4TON TIPPER TRUCK WITH CRANE (WESTERN DEPOT)	2.1	–	–	922	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT (SOFTWARE)	1.1	–	–	2 000	WHOLE OF MUNICIPALITY	N
	WATER LOSS AND DROUGHT RELIEF PROJECT	2.1	500	–	300	WHOLE OF MUNICIPALITY	N
	200 JOJO TANKS	2.1	600	–	–	WHOLE OF MUNICIPALITY	N
	3 x DOUBLE CB 4 x 4 WITH CANOPIES AND EXTRA'S (MECHANICAL)	2.1	–	447	447	WHOLE OF MUNICIPALITY	N
	3 X DOUBLE CAB 4X4 (NO ROOF RACK). HIGH RISE WITH DIFF LOCK AND A CANOPY (SCIENTIFIC SERVICES)	2.1	–	1 000	1 000	WHOLE OF MUNICIPALITY	N
	1 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S						
	1X TLB (4X4)						
	1 X 4TON TIPPER TRUCK WITH CRANE (SOUTHERN DEPOT)	2.1	–	1 000	1 000	WHOLE OF MUNICIPALITY	N
	3 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S						
	2X 10 TON TRUCK WITH 20000LTR						
	1X TLB (4BY4)						
	1 X 4TON TIPPER TRUCK WITH CRANE (WESTERN DEPOT)	2.1	–	1 500	478	WHOLE OF MUNICIPALITY	N
	WATER QUALITY EQUIPMENT (SOFTWARE)	1.1	1 500	2 000	–	WHOLE OF MUNICIPALITY	N

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	WASTE WATER MANAGEMENT (SANITATION) PROJECTS	2.1	–	13 000	–	WHOLE OF MUNICIPALITY	N
	WATER LOSS AND DROUGHT RELIEF PROJECT	2.1	400	527	527	WHOLE OF MUNICIPALITY	N
	WATER PROJECTS	2.1	–	11 710	–	2	N
	UPGRADING OF MS 2 PUMP STATION CAPACITY	2.1	2 000	–	3 000	WHOLE OF MUNICIPALITY	R
	UPGRADING OF BIRDSWOOD PUMP STATION CAPACITY	2.1	2 000	–	–	4	R
	UPGRADE OF MS9 PUMP STATION CAPACITY	2.1	500	–	1 500	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF PUMPS	2.1	–	–	2 000	WHOLE OF MUNICIPALITY	R
	VELDENVLEI PUMP STATION	2.1	2 000	–	6 700	1,2,3,4	R
	UPGRADE - VULINDLELA SEWER PIPELINE	2.1	–	–	2 000	30	R
	MEERENSEE - GARRICK RISE SEWER LINE REPLACEMENT 450MM	2.1	–	–	2 000	1,2	R
	BULK MASTER PLAN	2.1	1 000	–	–	WHOLE OF MUNICIPALITY	R
	RENOVATE AND UPGRADE OFFICES FOR ALL DEPOTS:NORTH,SOUTH, WEST, MECHANICAL	2.1	1 500	1 000	1 000	WHOLE OF MUNICIPALITY	R
	MOBILE GIS DATABASE ENHANCEMENTS AND CAPTURING	1.1	–	263	263	WHOLE OF MUNICIPALITY	R
	UPGRADING OF MS 2 PUMP STATION CAPACITY	2.1	–	3 000	–	WHOLE OF MUNICIPALITY	R
	UPGRADE OF MS9 PUMP STATION CAPACITY	2.1	–	1 500	–	WHOLE OF MUNICIPALITY	R
	REPLACEMENT OF PUMPS	2.1	–	2 000	–	WHOLE OF MUNICIPALITY	R
	STANDBY PUMPS	2.1	850	876	876	WHOLE OF MUNICIPALITY	R
	VELDENVLEI PUMP STATION	2.1	–	7 500	–	1,2,3,4	R
	UPGRADE - VULINDLELA SEWER PIPELINE	2.1	1 000	2 000	–	30	R
	HILLVIEW SEWER PUMPLINE UPGRADE (COUNTER FUNDING)	2.1	1 000	–	–	24,25	R

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	FURNITURE - WATER AND SANITATION SECTION	2.1	–	–	300	WHOLE OF MUNICIPALITY	R
	MEERENSEE - GARRICK RISE SEWER LINE REPLACEMENT 450MM	2.1	300	2 000	–	1,2	R
	9 WATER PUMPS 4INCH	2.1	1 200	158	158	WHOLE OF MUNICIPALITY	R
	REPLACEMNT OF WATER PIPE RETICULATION IN MEERENSEE	2.1	300	1 053	1 053	WHOLE OF MUNICIPALITY	R
	NSELENI PIPE REPLACEMENT (WSIG) (PHASE II)	2.1	8 000	8 000	–	2, 3, 4	R
	MEERENSE PIPE REPLACEMENT (WSIG) (PHASE I)	2.1	4 000	12 000	18 000	WHOLE OF MUNICIPALITY	R
	VELDENVLEI PIPE REPLACEMENT (WSIG) (PHASE I)	2.1	–	10 000	5 000	WHOLE OF MUNICIPALITY	R
	EMPANGENI PIPE REPLACEMENT (PHASE 2) NYALA PARK ZONE	2.1	–	–	8 200	WHOLE OF MUNICIPALITY	R
	WELDENWEIDE PIPE REPLACEMENT (WSIG) (PHASE I)	2.1	–	–	5 000	WHOLE OF MUNICIPALITY	R
	2 X TLB 4 X 4 (URBAN WATER & SANITATION)						
	1 X 4TON TIPPER TRUCK WITH CRANE						
	1 X 10 TON TRUCK 4X4 JETTING MACHINE -						
	4 X 1500 LITRE WATER TANKER 4X4 TRUCK						
	1 X 3TON 4X4 HONEYSUCKER						
	4 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S (NORTHERN DEPOT)	2.1	–	–	1 500	WHOLE OF MUNICIPALITY	R
	2 X TLB 4 X 4 (URBAN WATER & SANITATION)						
	1 X 4TON TIPPER TRUCK WITH CRANE						
	1 X 10 TON TRUCK 4X4 JETTING MACHINE -						
	4 X 1500 LITRE WATER TANKER 4X4 TRUCK						
	1 X 3TON 4X4 HONEYSUCKER						
	4 X DOUBLE CAB 4X4 WITH CANOPIES AND EXTRA'S (NORTHERN DEPOT)	2.1	–	1 500	–	WHOLE OF MUNICIPALITY	R
	COMPUTER EQUIPMENT FOR WATER AND SANITATION	1.1	600	–	250	WHOLE OF MUNICIPALITY	R
	UPGRADING OF VALVES IN BIRDSWOOD	2.1	200	737	737	4	U
	UPGRADE OF 110MM WATER PIPE IN ALTON (BEHIND ZCBF TO BUS DEPO)	2.1	–	–	–	2,3	U

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	BUS SHELTERS & LAYBYES - ALL AREAS	2.1	-	-	-	8,14,23,25,27,28	N
	AQUADENE BULK SERVICES (ROADS & STORMWATER)	2.1	18 254	-	-	WHOLE OF MUNICIPALITY	N
	SUSTAINABLE RURAL ROADS	2.1	10 000	-	10 000	WHOLE OF MUNICIPALITY	N
	RURAL ROADS OFFICES	2.1	2 000	-	-	WHOLE OF MUNICIPALITY	N
	AQUADENE BULK SERVICES (ROADS & STORMWATER)	2.1	10 578	-	-	WHOLE OF MUNICIPALITY	N
	WALKWAYS AND BRIDGES	2.1	-	-	-	1,2,21,23	N
	TRAFFIC CALMING	2.1	2 600	500	500	3,7,16,19,23,26,27,28	N
	PEDESTRIAN BRIDGES RURAL AREAS	2.1	-	-	-	5,9,12,14,15,16,21,24	N
	BUS SHELTERS & LAYBYES - ALL AREAS	2.1	2 250	1 500	1 500	4,5,7,8,18,23,27	N
	TRAFFIC LIGHTS JRI DEVELOPMENT INTERSECTION	2.1	-	-	-	14,16,17,20,22	N
	WALKWAYS	2.1	3 750	1 000	1 000	WHOLE OF MUNICIPALITY	N
	PEDESTRIAN BRIDGES	2.1	2 000	2 200	2 200	WHOLE OF MUNICIPALITY	N
	SUSTAINABLE RURAL ROADS	2.1	-	7 500	-	WHOLE OF MUNICIPALITY	N
	GEOBAG EXTENSION PHASE 2	2.1	-	6 000	6 000	WHOLE OF MUNICIPALITY	N
	ARTERIAL FRAMEWORK PLAN RENEWAL	2.1	1 000	1 000	-	WHOLE OF MUNICIPALITY	N
	1 x 10 TON TIPPER TRUCK	2.1	-	-	10 000	WHOLE OF MUNICIPALITY	N
	ROAD MARKINGS & SIGNAGE STOREROOM	2.1	1 000	-	-	WHOLE OF MUNICIPALITY	N
	AIRCONDITIONING FOR ROADS SECTION	2.1	100	-	-	WHOLE OF MUNICIPALITY	N
	1 x 10 TON TIPPER TRUCK	2.1	-	5 000	-	WHOLE OF MUNICIPALITY	N
	2 X DOUBLE CAB LDV - ITS_RTS_18_CAP_18	2.1	500	-	-	WHOLE OF MUNICIPALITY	N

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	4 X 3 TON PERSONNEL CARRIER TRUCKS	2.1	2 760	–	–	WHOLE OF MUNICIPALITY	N
	4 X URBAN ROAD DEPOTS)						
	DESKTOPS FOR TRANSPORT & ROADS OFFICIALS	1.1	200	–	–	WHOLE OF MUNICIPALITY	N
	LAPTOPS FOR TRANSPORT & ROADS OFFICIALS	1.1	200	–	–	WHOLE OF MUNICIPALITY	N
	FRIDGES, FREEZERS & MICROWAVES FOR ROADS SECTION	2.1	100	–	–	WHOLE OF MUNICIPALITY	N
	4 X CLOCKING MACHINES FOR ROADS SECTION	2.1	100	–	–	WHOLE OF MUNICIPALITY	N
	OFFICE FURNITURE	2.1	–	–	–	WHOLE OF MUNICIPALITY	N
	OFFICE FURNITURE FOR TRANSPORT & ROADS	2.1	500	–	–	WHOLE OF MUNICIPALITY	N
	CANTEEN FURNITURE FOR ROADS SECTION	2.1	100	–	–	WHOLE OF MUNICIPALITY	N
	ROADS RESEALING	2.1	38 200	–	41 300	WHOLE OF MUNICIPALITY	R
	EMPANGENI "A" TAXI RANK	2.1	500	300	–	5,7,8,9,20,23,24,26,27,29,30	R
	ANNUAL KERB REPLACEMENT CONTRACT	2.1	3 000	1 000	1 000	WHOLE OF MUNICIPALITY	R
	ANNUAL WALKWAY REHABILITATION	2.1	3 000	1 000	1 000	WHOLE OF MUNICIPALITY	R
	DUNE ROAD CAPACITY INCREASE	2.1	600	–	–	1	R
	ROADS RESEALING	2.1	–	40 000	–	1, 2, 3, 4, 6, 7, 8, 9, 14, 15, 16, 17, 18, 19	R
	DOUBLING OF EAST CENTRAL ARTERIAL	2.1	–	–	10 000	WHOLE OF MUNICIPALITY	U
	ESIKHALENI INTERSECTION	2.1	9 240	–	15 000	14.16.21	U
	ESIKHALENI INTERSECTION	2.1	–	11 000	–	14.16.21	U
	DOUBLING OF EAST CENTRAL ARTERIAL	2.1	1 000	10 500	–	WHOLE OF MUNICIPALITY	U
	UPGRADE & SIGNALISE OF 1 INTERSECTION WITHIN THE CITY OF UMLATHUZE	2.1	1 500	1 500	1 500	1	U

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	NTAMBANANA PROJECTS - BUILDING & STRUCTURES	2.1	6 276	–	–	WHOLE OF MUNICIPALITY	N
	RURAL SANITATION	2.1	33 473	34 184	36 151	5,12,13,14,15,22,16,18,19,20,22	N
	RURAL/SEMI-URBAN AREAS	2.1	33 473	34 184	36 151	10,11,16,17,19,20,21	N
	REPLACEMENT VEHICLES	2.1	20 029	–	28 779	WHOLE OF MUNICIPALITY	N
	REPLACEMENT VEHICLES	2.1	–	43 485	–	WHOLE OF MUNICIPALITY	N
	ROADS PROJECTS - PHASE 3 MZINGAZI	2.1	17 783	18 161	19 205	WHOLE OF MUNICIPALITY	N
	SPORTS PROJECTS	3.4	8 368	14 956	15 816	WHOLE OF MUNICIPALITY	N
	FURNITURE - PMU ADMIN	2.1	200	70	77	WHOLE OF MUNICIPALITY	R
Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	INFRASTRUCTURE TO ASSIST SMME PROJECT WITH OUTDOOR ADVERTISING	3.1	427	1 902	624	WHOLE OF MUNICIPALITY	N
Total Capital expenditure			525 161	531 999	550 712		

Table 74 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
							Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand						Year					
Parent municipality: None											

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. From the onset of this programme, Council has appointed ten interns on a permanent basis.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Enterprise Risk Management Committee

A ERM committee has been established and is fully functional

6. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in May 2018 directly aligned and informed by the 2018/19 MTREF.

7. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

8. MFMA Training

The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.

2.13 Other supporting documents

Table 75 MBRR SA1 - Supporting detail to budgeted financial performance

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
REVENUE ITEMS:									
<u>Property rates</u>									
Total Property Rates	366 723	371 074	400 906	503 787	497 718	497 718	528 511	558 609	591 558
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>	30 216	–	3 212	50 915	52 129	52 129	54 057	56 760	59 598
Net Property Rates	336 507	371 074	397 694	452 872	445 589	445 589	474 453	501 849	531 960
<u>Service charges - electricity revenue</u>									
Total Service charges - electricity revenue	1 343 606	1 331 965	1 517 070	1 540 931	1 384 571	1 384 571	1 588 258	1 680 252	1 797 575
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>	235	255	267	4 776	4 776	4 776	7 555	7 933	8 330
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>	857	822	921	921	921	921	1 173	1 231	1 293
Net Service charges - electricity revenue	1 342 514	1 330 889	1 515 882	1 535 234	1 378 874	1 378 874	1 579 530	1 671 088	1 787 953
<u>Service charges - water revenue</u>									
Total Service charges - water revenue	253 687	307 986	409 916	519 345	520 798	520 798	598 787	631 403	673 740
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>	1 480	1 828	3 071	121 226	121 226	121 226	131 997	138 597	145 527
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	56 901	70 373	69 858	89 055	89 055	89 055	128 948	135 395	142 165
Net Service charges - water revenue	195 306	235 785	336 986	309 064	310 516	310 516	337 842	357 411	386 049
<u>Service charges - sanitation revenue</u>									
Total Service charges - sanitation revenue	85 741	102 360	103 062	119 372	120 564	120 564	125 297	132 353	140 025
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>	2 175	2 270	2 306	5 830	5 830	5 830	5 633	5 915	6 211
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>	7 987	20 302	18 698	21 537	21 537	21 537	20 039	21 040	22 092
Net Service charges - sanitation revenue	75 579	79 788	82 058	92 006	93 197	93 197	99 625	105 398	111 722

Table SA1 - Supporting detail to budgeted financial performance (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
REVENUE ITEMS:									
<u>Service charges - refuse revenue</u>									
Total refuse removal revenue	83 529	85 368	91 826	92 694	116 094	116 094	105 158	111 056	117 285
Total landfill revenue	–	–	–	16	16	16	17	17	17
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>	1 576	1 623	1 671	1 192	1 192	1 192	1 612	1 692	1 777
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>	20 282	15 267	16 271	14 943	20 182	20 182	23 192	24 351	25 569
Net Service charges - refuse revenue	61 671	68 478	73 883	76 575	94 737	94 737	80 372	85 029	89 955
<u>Other Revenue by source</u>									
Insurance Refunds	139	4 299	7 572	1 654	8 089	8 089	3 237	3 413	3 600
Building Plan Approval/Clause Levy/Encroachment Fees	–	–	1 141	1 728	928	928	979	1 028	1 079
Cemetery and Burial	–	–	465	542	492	492	519	545	572
Clearance Certificates	–	–	350	470	420	420	443	466	489
Development Charges	102 856	18 008	18 699	12 479	12 479	12 479	13 165	13 823	14 515
Entrance Fees	–	–	638	531	456	456	481	505	530
Escort Fees	–	–	417	429	302	302	319	335	351
Fire Services	–	–	461	613	613	613	647	680	714
Housing Staff/Private	–	–	–	1 618	1 618	1 618	1 712	1 798	1 888
Photocopies and Faxes	–	–	215	215	235	235	248	260	273
Other Revenue	37 111	32 087	82 319	16 480	20 856	20 856	22 126	23 707	25 460
Total 'Other' Revenue	140 107	54 395	112 276	36 759	46 488	46 488	43 875	46 558	49 470

Table SA1 - Supporting detail to budgeted financial performance (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
EXPENDITURE ITEMS:									
<u>Employee related costs</u>									
Basic Salaries and Wages	318 782	355 160	384 809	424 236	432 941	432 941	464 828	515 243	570 470
Pension and UIF Contributions	64 646	69 427	76 124	84 571	85 746	85 746	105 800	113 747	122 289
Medical Aid Contributions	27 543	30 554	33 778	39 010	36 025	36 025	43 932	47 230	50 776
Overtime	35 964	43 038	44 375	46 424	43 632	43 632	56 259	53 754	57 417
Performance Bonus	252	1 241	1 364	1 703	1 686	1 686	2 033	2 186	2 350
Motor Vehicle Allowance	32 870	35 917	40 972	43 166	45 963	45 963	49 883	53 627	57 653
Cellphone Allowance	2 133	2 563	2 873	3 753	3 567	3 567	5 259	5 656	6 084
Housing Allowances	3 565	3 992	4 414	4 383	4 464	4 464	4 544	4 892	5 262
Other benefits and allowances	95 338	75 471	35 290	49 645	39 161	39 161	42 666	45 865	49 308
Payments in lieu of leave	13 701	13 784	14 954	25 591	17 032	17 032	30 679	32 983	35 461
Long service awards	–	–	–	95	156	156	156	166	175
Post-retirement benefit obligations	3 632	4 447	5 291	5 694	5 694	5 694	6 086	6 543	7 034
sub-total	598 426	635 594	644 245	728 269	716 066	716 066	812 123	881 891	964 278
<u>Less: Employees costs capitalised to PPE</u>	–	–	–	–	–	–	–	–	–
Total Employee related costs	598 426	635 594	644 245	728 269	716 066	716 066	812 123	881 891	964 278
<u>Contributions recognised - capital</u>									
National Lotto - Sport Development	948	4 740	–	–	–	–	–	–	–
National Lotto - Sport Development	2 680	–	–	–	–	–	–	–	–
Total Contributions recognised - capital	3 628	4 740	–	–	–	–	–	–	–
<u>Depreciation & asset impairment</u>									
Depreciation of Property, Plant & Equipment	339 935	351 346	352 389	376 848	376 848	376 848	376 066	408 532	446 488
Total Depreciation & asset impairment	339 935	351 346	352 389	376 848	376 848	376 848	376 066	408 532	446 488

Table SA1 - Supporting detail to budgeted financial performance (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
EXPENDITURE ITEMS:									
<u>Bulk purchases</u>									
Electricity Bulk Purchases	952 579	911 692	1 075 471	943 596	835 000	835 000	897 364	932 170	985 209
Water Bulk Purchases	126 337	113 584	97 879	98 178	98 178	98 178	103 582	109 796	115 835
Total bulk purchases	1 078 917	1 025 277	1 173 350	1 041 774	933 178	933 178	1 000 945	1 041 966	1 101 044
<u>Transfers and grants</u>									
Cash transfers and grants	2 808	17 827	8 593	11 043	11 476	11 476	11 807	12 515	13 204
Non-cash transfers and grants	1 549	322	726	686	686	686	727	770	813
Total transfers and grants	4 357	18 149	9 319	11 729	12 161	12 161	12 534	13 286	14 016
<u>Contracted services</u>									
Aerial Photography	–	–	–	1 000	1 000	1 000	1 055	1 118	1 180
Artists and Performers	–	851	–	100	133	133	190	202	213
Catering Services	–	216	–	5 586	5 764	5 764	6 189	6 560	6 921
Fire Protection	–	–	–	329	329	329	352	373	394
Safeguard and Security	30 950	37 924	47 803	30 000	44 218	44 218	29 369	31 131	32 844
Stage and Sound Crew	–	–	–	468	546	546	436	462	487
Alien Vegetation Control	–	–	–	2 020	1 975	1 975	2 126	2 254	2 378
Burial Services	–	480	–	640	640	640	680	721	760
Occupational Health and Safety	–	–	–	513	513	513	541	574	605
Quality Control	–	–	–	420	420	420	443	470	496
Cleaning Services	2 324	1 946	2 805	3 409	3 161	3 161	3 316	3 515	3 708
Connections/Disconnections Electricity	–	–	–	4 380	211	211	224	237	250
Connections/Disconnections Water	–	–	–	4 380	8 701	8 701	9 223	9 777	10 315

Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
EXPENDITURE ITEMS:									
<u>Contracted services</u>									
Internal Auditors	–	5 518	–	4 854	4 360	4 360	3 652	3 871	4 084
Meter Management	10 580	12 475	–	6 005	6 005	6 005	6 320	6 699	7 067
Sewerage Services	11 803	28 113	–	82 840	53 631	53 631	87 446	92 693	97 791
Traffic Fine Management	–	580	–	528	503	503	538	570	601
Other Contracted Services	43 008	140 579	248 078	143 289	163 071	163 071	160 632	170 642	181 462
Total contracted services	98 665	228 681	298 686	290 761	295 182	295 182	312 731	331 867	351 554
<u>Other Expenditure By Type</u>									
General expenses	88 106	86 010	45 248	89 204	115 480	115 480	137 745	144 663	152 093
Business and Advisory Project Management	–	–	5 126	8 468	18 108	18 108	12 620	13 377	14 113
Consultants And Professional Services Town Planner	–	–	1 854	3 625	3 923	3 923	3 669	3 890	4 104
Consultants And Professional Services Laboratory Services Water	–	–	6 626	7 424	7 394	7 394	7 832	8 302	8 759
Consultants And Professional Services Legal Cost Collection	514	606	–	3 738	9 280	9 280	–	–	–
Transport Assets	16 112	10 045	35 660	3 166	21 743	21 743	5 076	5 380	5 676
Commision Prepaid Electricity	–	–	6 399	6 163	6 163	6 163	6 533	6 925	7 306
Postage/Stamps	1 593	1 724	1 706	6 218	6 213	6 213	6 596	6 992	7 376
Dumping Fees (District Council)	4 522	–	6 550	5 985	5 985	5 985	6 343	6 724	7 094
External Computer Service: Internet Charge	–	–	3 359	6 039	6 114	6 114	7 139	7 567	7 983
External Computer Service: Software Licences	8 647	–	12 799	13 177	13 116	13 116	14 196	15 048	15 875
Insurance	–	–	3 883	4 499	4 507	4 507	5 155	5 484	5 859
Professional Bodies: Membership and Subscription	5 512	7 742	7 341	8 310	8 821	8 821	9 047	9 596	10 132
Remuneration to Ward Committees	–	–	–	4 666	5 973	5 973	6 494	6 883	7 262
Skills Developmet Fund Levy	4 574	–	5 436	5 542	6 092	6 092	6 064	6 534	7 024
Bank Charges	4 134	4 910	5 966	8 125	8 125	8 125	8 784	9 311	9 823
Business and Advisory Research and Advisory	–	–	–	6 838	7 217	7 217	6 214	6 587	6 950

Table SA1 - Supporting detail to budgeted financial performance (continued)

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
EXPENDITURE ITEMS:									
<u>Other Expenditure By Type</u>									
Workmen's Compensation Fund	–	–		4 076	4 078	4 078	4 574	4 921	5 294
Uniform and Protective Clothing	3 518	–	4 293	3 747	6 303	6 303	5 469	5 797	6 116
Telephone	1 558	1 519	1 965	1 979	2 012	2 012	2 038	2 160	2 279
Total 'Other' Expenditure	138 791	112 555	154 209	200 987	266 647	266 647	261 588	276 140	291 116
Repairs and Maintenance by Expenditure Item									
Employee related costs	277 451	226 610	208 536	373 892	373 892	373 892	431 151	460 231	492 326
Other materials	42 623	42 626	50 483	67 995	68 822	68 822	77 717	82 381	86 912
Contracted Services	89 459	99 985	120 804	92 409	92 428	92 428	99 341	105 470	111 504
Total Repairs and Maintenance Expenditure	409 534	369 221	379 822	534 296	535 142	535 142	608 208	648 082	690 742

Table 76 MBRR SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - CITY DEVELOPMENT	Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	Vote 3 - COMMUNITY SERVICES - PROTECTION SERVICES	Vote 4 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	Vote 5 - CORPORATE SERVICES - ADMINISTRATION	Vote 6 - CORPORATE SERVICES - INFORMATION COMMUNICATION TECHNOLOGY	Vote 7 - CORPORATE SERVICES - HUMAN RESOURCES	Vote 8 - FINANCIAL SERVICES	Vote 9 - ELECTRICAL AND ENERGY SUPPLY SERVICES	Vote 10 - INFRASTRUCTURE SERVICES - WATER AND SANITATION	Vote 11 - INFRASTRUCTURE SERVICES - TRANSPORT, ROADS AND STORMWATER	Vote 12 - INFRASTRUCTURE SERVICES - ENGINEERING SUPPORT SERVICES	Vote 13 - OFFICE OF THE MUNICIPAL MANAGER	Total
R thousand														
Revenue By Source														
Property rates	–	–	–	–	–	–	–	474 453	–	–	–	–	–	474 453
Service charges - electricity revenue	–	–	–	–	–	–	–	350	1 579 180	–	–	–	–	1 579 530
Service charges - water revenue	–	–	–	–	–	–	–	–	–	337 842	–	–	–	337 842
Service charges - sanitation revenue	–	–	–	–	–	–	–	389	–	99 236	–	–	–	99 625
Service charges - refuse revenue	–	80 372	–	–	–	–	–	–	–	–	–	–	–	80 372
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	0	–	–	4 423	2 915	–	–	–	–	–	1 111	–	–	8 449
Interest earned - external investments	–	–	–	–	–	–	–	55 000	–	–	–	–	–	55 000
Interest earned - outstanding debtors	–	–	–	–	–	–	–	3 398	–	–	–	–	–	3 398
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	0	0	870	40	–	–	–	1 186	1 341	553	–	–	98	4 087
Licences and permits	–	–	3 808	–	–	–	–	–	–	–	–	–	–	3 808
Agency services	2 213	–	7 797	–	–	–	–	–	–	–	–	–	–	10 010
Other revenue	4 776	2 153	392	1 390	2 054	352	7	5 155	3 922	18 990	84	1 876	2 725	43 875
Transfers and subsidies	–	65 251	–	10 101	–	–	–	2 650	6 525	254 479	–	15 419	–	354 425
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	6 989	147 776	12 866	15 954	4 969	352	7	542 580	1 590 968	711 100	1 195	17 295	2 823	3 054 874
Expenditure By Type														
Employee related costs	49 903	131 523	51 207	115 173	48 450	11 980	15 882	91 152	81 646	93 342	60 093	34 649	27 125	812 123
Remuneration of councillors	–	–	–	–	31 881	–	–	–	–	–	–	–	–	31 881
Debt impairment	–	780	–	–	–	–	–	4 915	14 467	6 351	–	–	–	26 513
Depreciation & asset impairment	6 470	5 904	318	21 517	11 407	11 900	329	462	64 017	166 571	86 810	202	159	376 066
Finance charges	154	806	232	2 552	1 675	1 268	–	2	25 957	23 435	11 803	0	1	67 884
Bulk purchases	–	–	–	–	–	–	–	–	897 364	103 582	–	–	–	1 000 945
Other materials	390	14 455	2 271	8 462	2 355	121	187	1 885	35 324	19 351	27 796	1 411	227	114 233
Contracted services	12 480	7 864	985	21 625	13 357	9 300	3 571	27 314	54 216	128 759	24 647	2 720	5 893	312 731
Transfers and subsidies	637	727	–	6 083	4 250	–	–	–	–	–	–	–	837	12 534
Other expenditure	20 768	101 056	19 731	57 340	(101 561)	(29 910)	(15 413)	(103 545)	92 507	177 160	40 802	3 103	(451)	261 588
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	90 803	263 115	74 743	232 752	11 813	4 659	4 556	22 184	1 265 498	718 550	251 950	42 085	33 790	3 016 497
Surplus/(Deficit)	(83 814)	(115 339)	(61 878)	(216 798)	(6 845)	(4 307)	(4 549)	520 396	325 470	(7 449)	(250 755)	(24 790)	(30 967)	38 377
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	–	–	16 218	6 276	–	–	–	6 000	82 946	17 783	–	–	129 224
Surplus/(Deficit) after capital transfers & contributions	(83 814)	(115 339)	(61 878)	(200 579)	(568)	(4 307)	(4 549)	520 396	331 470	75 497	(232 972)	(24 790)	(30 967)	167 601

Table 77 MBRR SA3 – Supporting detail to Statement of Financial Position

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
ASSETS									
<u>Call investment deposits</u>									
Call deposits	150 000	290 000	645 000	350 000	350 000	350 000	500 000	500 000	750 000
Total Call investment deposits	150 000	290 000	645 000	350 000	350 000	350 000	500 000	500 000	750 000
<u>Consumer debtors</u>									
Consumer debtors	361 011	404 441	433 536	477 203	472 894	472 894	524 330	578 746	636 899
<u>Less: Provision for debt impairment</u>	(109 661)	(101 785)	(82 554)	(68 173)	(68 173)	(68 173)	(68 298)	(69 888)	(71 479)
Total Consumer debtors	251 350	302 656	350 981	409 030	404 721	404 721	456 033	508 858	565 420
<u>Debt impairment provision</u>									
Balance at the beginning of the year	86 223	109 661	101 785	66 797	66 797	66 797	68 173	68 298	69 888
Contributions to the provision	78 710	36 646	8 891	26 388	26 388	26 388	26 513	28 103	28 103
Bad debts written off	(55 372)	(44 523)	(28 121)	(25 012)	(25 012)	(25 012)	(26 388)	(26 513)	(26 513)
Balance at end of year	109 561	101 785	82 554	68 173	68 173	68 173	68 298	69 888	71 479
<u>Property, plant and equipment (PPE)</u>									
PPE at cost/valuation (excl. finance leases)	11 702 805	12 077 408	12 602 747	12 784 785	12 847 299	12 847 299	13 606 978	14 129 050	14 670 446
<u>Less: Accumulated depreciation</u>	6 885 459	7 219 692	7 372 139	7 567 232	7 567 232	7 567 232	8 091 892	8 495 540	8 937 477
Total Property, plant and equipment (PPE)	4 817 346	4 857 716	5 230 609	5 217 553	5 280 067	5 280 067	5 515 086	5 633 511	5 732 969
LIABILITIES									
<u>Current liabilities - Borrowing</u>									
Current portion of long-term liabilities	129 687	122 346	155 996	159 365	61 586	61 586	84 326	84 692	102 090
Total Current liabilities - Borrowing	129 687	122 346	155 996	159 365	61 586	61 586	84 326	84 692	102 090
<u>Trade and other payables</u>									
Trade and other creditors	357 816	534 331	604 342	321 082	476 507	476 507	482 468	489 060	497 121
Unspent conditional transfers	30 959	18 127	10 596	57 838	57 837	57 837	11 629	11 629	11 629
VAT	–	–	–	–	–	–	–	–	4 889
Total Trade and other payables	388 775	552 458	614 938	378 920	534 344	534 344	494 097	500 689	513 639

Table MBRR SA3 – Supporting detail to Statement of Financial Position

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand									
<u>Non current liabilities - Borrowing</u>									
Borrowing	471 210	348 100	539 613	380 539	477 671	477 671	608 787	524 095	732 005
Total Non current liabilities - Borrowing	471 210	348 100	539 613	380 539	477 671	477 671	608 787	524 095	732 005
<u>Provisions - non-current</u>									
Retirement benefits	298 601	341 275	332 532	315 343	315 343	315 343	337 417	361 036	386 309
Total Provisions - non-current	298 601	341 275	332 532	315 343	315 343	315 343	337 417	361 036	386 309
CHANGES IN NET ASSETS									
<u>Accumulated Surplus/(Deficit)</u>									
Accumulated Surplus/(Deficit) - opening balance	4 208 619	4 369 740	4 745 627	4 694 093	4 695 477	4 695 477	4 888 855	4 968 353	5 485 855
Restated balance	4 208 619	4 369 740	4 745 627	4 694 093	4 695 477	4 695 477	4 888 855	4 968 353	5 485 855
Surplus/(Deficit)	149 209	124 265	213 235	160 002	88 754	88 754	167 601	198 372	208 063
Appropriations to Reserves	–	(75 672)	–	(301 360)	–	–	–	–	–
Other adjustments	(3 983)	2 063	–	114 066	(90 532)	(90 532)	(88 102)	319 131	(308 806)
Accumulated Surplus/(Deficit)	4 353 845	4 420 396	4 958 862	4 666 801	4 693 699	4 693 699	4 968 353	5 485 855	5 385 113
<u>Reserves</u>									
Housing Development Fund	53 916	53 916	2 750	59 117	2 750	2 750	2 912	3 081	3 261
Capital replacement	–	75 672	–	301 360	251 453	251 453	366 271	63 979	386 416
Total Reserves	53 916	129 588	2 750	360 477	254 203	254 203	369 183	67 060	389 677
TOTAL COMMUNITY WEALTH/EQUITY	4 407 762	4 549 985	4 961 612	5 027 278	4 947 902	4 947 902	5 337 536	5 552 915	5 774 789

Table 78 MBRR SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	2011 Census	289	332	334	334	334	334	410	410	410	410
Females aged 5 - 14	2011 Census	32	37	31	31	31	31	47	47	47	47
Males aged 5 - 14	2011 Census	32	35	31	31	31	31	45	45	45	45
Females aged 15 - 34	2011 Census	61	38	74	74	74	74	84	84	84	84
Males aged 15 - 34	2011 Census	56	70	69	70	70	70	79	79	79	79
Unemployment	2011 Census	46	46	39	39	39	39	39	39	39	39
Monthly household income (no. of households)											
No income	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	18 231	4 806	136 821	136 821	136 821	136 821	136 821	136 821	136 821	136 821
R1 - R1 600	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	5 310	14 200	93 085	93 085	93 085	93 085	93 085	93 085	93 085	93 085
R1 601 - R3 200	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	10 370	4 597	16 998	16 998	16 998	16 998	16 998	16 998	16 998	16 998
R3 201 - R6 400	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	13 948	13 948	13 948	13 948	13 948	13 948	13 948	13 948
R6 401 - R12 800	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	15 364	15 364	15 364	15 364	15 364	15 364	15 364	15 364
R12 801 - R25 600	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	12 373	12 373	12 373	12 373	12 373	12 373	12 373	12 373
R25 601 - R51 200	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	4 659	4 659	4 659	4 659	4 659	4 659	4 659	4 659
R52 201 - R102 400	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	864	864	864	864	864	864	864	864
R102 401 - R204 800	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	388	388	388	388	388	388	388	388
R204 801 - R409 600	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	253	253	253	253	253	253	253	253
R409 601 - R819 200	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	–	–	–	–	–	–	–	–
> R819 200	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	–	–	–	–	–	–	–	–	–	–

Table MBRR SA9 – Social, economic and demographic statistics and assumptions (continued)

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Poverty profiles (no. of households)											
< R2 060 per household per month	Income levels as per Census 2011 provided at individual levels. Projected of 1.45% applied	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Household/demographics (000)											
Number of people in municipal area		289 000	332 000	334 000	334	334	334	410	410	410	410
Number of poor people in municipal area	Individual with no income and income below R800pm counted. Increase annually of 1.45% projected	250 709	267 418	267 418	202	202	202	211	211	211	211
Number of households in municipal area	Increase of 1.45% projected	67 127	81 005	81 005	87	87	87	91	91	91	91
Number of poor households in municipal area		-	-	-	52	52	52	54	54	54	54
Definition of poor household (R per month)		>R1100/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt
Housing statistics											
Formal	Included census figure not mentioned under informal hereunder. Annual increase of 1.45% applied	51 605	63 803	63 803	76 477	76 477	76 477	79 930	79 930	79 930	79 930
Informal	Included census figure for traditional dwellings, informal dwellings, caravan/tent and other as a possible indication of need/demand. Annual increase of 1.45% applied	5 500	3 082	3 082	10 132	10 132	10 132	10 589	10 589	10 589	10 589
Total number of households		57 105	66 885	66 885	86 609	86 609	86 609	90 519	90 519	90 519	90 519
Economic											
Inflation/inflation outlook (CPIX)					5.0%	6.0%	6.0%	6.0%	5.3%	5.4%	5.5%
Interest rate - borrowing					11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Interest rate - investment					5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Remuneration increases					7.0%	7.0%	7.0%	7.0%	7.0%	7.5%	7.5%
Consumption growth (electricity)					1.0%	1.0%	1.0%	1.5%	1.0%	1.0%	1.0%
Consumption growth (water)					1.0%	1.0%	1.0%	1.5%	1.0%	1.0%	1.0%
Collection rates											
Property tax/service charges					98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Rental of facilities & equipment					98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					8.5%	8.5%	9.0%	10.5%	10.5%	10.5%	10.5%
Revenue from agency services					98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%

Table 79 MBRR SA32 – List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Mandlomkhonto Security	Yrs	3	Security	31 March 2019	11 662
Mafoko Security	Yrs	3	Security	31 March 2019	12 028
Makheda Security	Yrs	3	Security	31 March 2019	15 309
Fidelity Security	Yrs	3	Security	31 March 2019	6 843
Control Risk Group	Yrs	3	Security	31 March 2019	9 695
Compass Medical Waste Services (Pty) Ltd	Yrs	3	Medical Waste Removal	31 January 2020	83
SS Mathenjwa	Yrs	3.5	Occupational Doctor	31 May 2018	513
Kwazulu Natal Sharksboard	Yrs	1	Meshing of Shark Nets	30 June 2018	2 412
FG Uniforms	Yrs	2.5	Supply Of Uniforms	31 December 2018	389
D & V Safety Management	Yrs	2.5	Supply of PPE and PT Attire	31 December 2018	1 578

Table 80 MBRR SA38 - Consolidated detailed operational projects

Municipal Vote/Operational project	Program/Project description	Prior year outcomes	2018/19 Medium Term Revenue & Expenditure Framework			Project information
		Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location
R thousand						
City Development	Default Transactions	13 948	15 557	17 005	18 228	Whole of the Municipality
City Development	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Housing:Social Housing:Buildings	2	2	2	2	Whole of the Municipality
City Development	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Housing:Social Housing:Electrical Equipment	5	5	5	6	Whole of the Municipality
City Development	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices	1	1	1	1	Whole of the Municipality
City Development	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Housing:Staff Housing:Buildings	2	2	3	3	Whole of the Municipality
City Development	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	40	43	45	48	Whole of the Municipality
City Development	Municipal Running Cost	66 927	75 192	80 830	87 991	Whole of the Municipality
Community Services - Health and Public Safety	Default Transactions	60 650	73 145	77 796	82 345	Whole of the Municipality
Community Services - Health and Public Safety	Infrastructure:Corrective Maintenance:Emergency:Sanitation Infrastructure:Toilet Facilities:Communal Sanitation	5	5	6	6	Whole of the Municipality
Community Services - Health and Public Safety	Infrastructure:Preventative Maintenance:Interval Based:Sanitation Infrastructure:Toilet Facilities:Communal Sanitation	10	10	11	12	Whole of the Municipality
Community Services - Health and Public Safety	Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Community Facilities:Fire/Ambulance Stations:Buildings	9	10	10	11	Whole of the Municipality
Community Services - Health and Public Safety	Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	16	17	18	19	Whole of the Municipality
Community Services - Health and Public Safety	Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	580	121	128	135	Whole of the Municipality
Community Services - Health and Public Safety	Non-infrastructure:Corrective Maintenance:Planned:Community Assets:Community Facilities:Public Open Space:Land	–	1 000	1 250	1 500	Whole of the Municipality
Community Services - Health and Public Safety	Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Fire/Ambulance Stations:Buildings	6	7	7	7	Whole of the Municipality
Community Services - Health and Public Safety	Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Taxi Ranks/Bus Terminals:Buildings	2	2	2	2	Whole of the Municipality
Community Services - Health and Public Safety	Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	13	23	24	25	Whole of the Municipality
Community Services - Health and Public Safety	Municipal Running Cost	168 663	188 776	198 949	215 739	Whole of the Municipality
Community Services - Protection Services	Default Transactions	17 529	18 590	20 086	21 434	Whole of the Municipality
Community Services - Protection Services	Municipal Running Cost	49 162	56 153	61 663	67 443	Whole of the Municipality

MBRR SA38 - Consolidated detailed operational projects (continued)

Municipal Vote/Operational project	Program/Project description	Prior year outcomes	2018/19 Medium Term Revenue & Expenditure Framework			Project information
		Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location
R thousand						
Community Services - Recreation and Environmental Services	Default Transactions	38 996	44 972	49 034	52 816	Whole of the Municipality
Community Services - Recreation and Environmental Services	Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Community Facilities:Cemeteries/Crematoria:Buildings	–	–	–	–	Whole of the Municipality
Community Services - Recreation and Environmental Services	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Community Facilities:Halls:Buildings	77	88	93	98	Whole of the Municipality
Community Services - Recreation and Environmental Services	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Community Facilities:Libraries:Buildings	16	17	18	19	Whole of the Municipality
Community Services - Recreation and Environmental Services	Operational:Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Community Assets:Sport and Recreation Facilities:Outdoor Facilities:Buildings	1 407	1 673	1 773	1 871	Whole of the Municipality
Community Services - Recreation and Environmental Services	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	34	78	83	87	Whole of the Municipality
Community Services - Recreation and Environmental Services	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	2	2	2	2	Whole of the Municipality
Community Services - Recreation and Environmental Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Cemeteries/Crematoria:Buildings	906	969	1 027	1 083	Whole of the Municipality
Community Services - Recreation and Environmental Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Halls:Buildings	223	307	325	343	Whole of the Municipality
Community Services - Recreation and Environmental Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Libraries:Buildings	32	44	46	49	Whole of the Municipality
Community Services - Recreation and Environmental Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Community Facilities:Museums:Buildings	2	3	3	3	Whole of the Municipality
Community Services - Recreation and Environmental Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Community Assets:Sport and Recreation Facilities:Outdoor Facilities:Buildings	7 659	8 595	9 050	9 548	Whole of the Municipality
Community Services - Recreation and Environmental Services	Municipal Running Cost	156 128	176 005	189 231	203 676	Whole of the Municipality
Corporate Services - Administration	Default Transactions	(130 120)	(148 700)	(158 702)	(169 158)	Whole of the Municipality
Corporate Services - Administration	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Rail Infrastructure:Rail Lines:Rail Lines and Ballast	51	51	54	57	Whole of the Municipality
Corporate Services - Administration	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	6	6	6	7	Whole of the Municipality
Corporate Services - Administration	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	9	9	10	11	Whole of the Municipality
Corporate Services - Administration	Municipal Running Cost	150 948	160 447	173 839	187 895	Whole of the Municipality

MBRR SA38 - Consolidated detailed operational projects (continued)

Municipal Vote/Operational project	Program/Project description	Prior year outcomes	2018/19 Medium Term Revenue & Expenditure Framework			Project information
		Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location
R thousand						
Corporate Services - Human Resources	Default Transactions	(15 216)	(17 497)	(18 992)	(20 588)	Whole of the Municipality
Corporate Services - Human Resources	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	2	2	2	2	Whole of the Municipality
Corporate Services - Human Resources	Municipal Running Cost	21 727	22 051	23 929	25 913	Whole of the Municipality
Corporate Services - Information Communication Technology	Default Transactions	(40 178)	(48 498)	(55 290)	(58 857)	Whole of the Municipality
Corporate Services - Information Communication Technology	Maintenance:Infrastructure:Corrective Maintenance:Planned:Information and Communication Infrastructure:Data Centres:Buildings	2 911	3 115	3 302	3 483	Whole of the Municipality
Corporate Services - Information Communication Technology	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Computer Equipment	–	–	–	–	Whole of the Municipality
Corporate Services - Information Communication Technology	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Computer Equipment	930	980	1 039	1 096	Whole of the Municipality
Corporate Services - Information Communication Technology	Municipal Running Cost	53 352	49 062	55 999	59 721	Whole of the Municipality
Financial Services	Default Transactions	(112 317)	(133 649)	(145 420)	(157 911)	Whole of the Municipality
Financial Services	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	12	13	14	15	Whole of the Municipality
Financial Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	–	–	–	–	Whole of the Municipality
Financial Services	Municipal Running Cost	129 041	153 170	166 548	180 668	Whole of the Municipality
Financial Services	Typical Work Streams:Financial Management Grant:Interns Compensation	2 531	2 650	2 650	2 650	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Default Transactions Total	57 006	71 464	79 999	87 961	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:HV Transmission Conductors:HV Cables	3 389	3 306	3 504	3 697	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:LV Networks:LV Conductors	4	4	5	5	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:LV Networks:Municipal Service Connections	–	3 500	3 750	4 000	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:LV Networks:Public Lighting	2 381	2 667	2 827	2 982	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:MV Networks:MV Mini-substations	5 236	7 354	7 795	8 224	Whole of the Municipality

MBRR SA38 - Consolidated detailed operational projects (continued)

Municipal Vote/Operational project	Program/Project description	Prior year outcomes	2018/19 Medium Term Revenue & Expenditure Framework			Project information
		Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location
R thousand						
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Electrical Infrastructure:MV Substations:MV Mini-substations	4 836	5 243	5 557	5 863	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Roads Infrastructure:Road Furniture:Traffic Signs	293	315	334	352	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:HV Transmission Conductors:HV Cables	6 551	6 627	7 025	7 411	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:LV Networks:Electricity Meters	1 620	1 672	1 773	1 870	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:LV Networks:LV Conductors	2	2	2	2	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:LV Networks:Public Lighting	3 645	3 856	4 088	4 313	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Electrical Infrastructure:MV Networks:MV Mini-substations	6 845	7 621	8 078	8 522	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Roads Infrastructure:Road Furniture:Traffic Signs	576	709	752	793	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	116	123	130	137	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	7	40	42	45	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Transport Assets	8 177	3 404	3 608	3 815	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Machinery and Equipment	12 702	14 697	15 578	16 435	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	466	572	606	639	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Electrical Equipment	700	739	783	826	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Transport Assets	1 541	7 540	7 992	8 432	Whole of the Municipality
Infrastructure and Technical Services - Electrical Supply Services	Municipal Running Cost	1 047 884	1 124 044	1 177 991	1 254 998	Whole of the Municipality
Infrastructure and Technical Services - Engineering Support	Default Transactions	1 171	1 910	1 800	1 558	Whole of the Municipality
Infrastructure and Technical Services - Engineering Support	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	1 148	1 221	1 294	1 365	Whole of the Municipality
Infrastructure and Technical Services - Engineering Support	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Other Assets:Operational Buildings:Municipal Offices:Buildings	806	894	948	1 000	Whole of the Municipality
Infrastructure and Technical Services - Engineering Support	Municipal Running Cost	36 374	38 060	41 281	44 971	Whole of the Municipality

MBRR SA38 - Consolidated detailed operational projects (continued)

Municipal Vote/Operational project R thousand	Program/Project description	Prior year outcomes	2018/19 Medium Term Revenue & Expenditure Framework			Project information
		Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location
Infrastructure and Technical Services - Engineering Support	Typical Work Streams:Expanded Public Works Programme:Project	4 143	–	–	–	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Default Transactions	35 855	36 318	39 150	41 851	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Roads Infrastructure:Road Structures:Pedestrian Bridges	108	175	185	195	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Roads Infrastructure:Roads:Land	1 083	1 085	1 150	1 213	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Storm water Infrastructure:Drainage Collection:Drainage	961	1 014	1 075	1 134	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Storm water Infrastructure:Storm water Conveyance:Pipe Work	541	643	682	719	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Coastal Infrastructure:Revetments:Earthworks	–	1 000	1 060	1 118	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Rail Infrastructure:Rail Lines:Rail Lines and Ballast	1 066	1 124	1 192	1 257	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Roads Infrastructure:Road Furniture:Traffic Signs	2 607	2 750	2 915	3 075	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Roads Infrastructure:Road Structures:Pedestrian Bridges	963	1 185	1 256	1 325	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Roads Infrastructure:Roads:Land	23 575	24 730	26 214	27 656	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Storm water Infrastructure:Drainage Collection:Drainage	8 612	9 052	9 595	10 123	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Storm water Infrastructure:Storm water Conveyance:Pipe Work	5 990	5 418	5 743	6 059	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	12	13	13	14	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	9	9	10	10	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Machinery and Equipment	2	1	1	1	Whole of the Municipality
Infrastructure and Technical Services - Transport, Roads and Stormwater	Municipal Running Cost	172 767	167 436	179 116	192 654	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Default Transactions	77 478	91 674	99 108	106 274	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Sanitation Infrastructure:Pump Station:Buildings	3 150	2 821	2 990	3 154	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Sanitation Infrastructure:Pump Station:Electrical Equipment	598	451	478	504	Whole of the Municipality

MBRR SA38 - Consolidated detailed operational projects (continued)

Municipal Vote/Operational project R thousand	Program/Project description	Prior year outcomes	2018/19 Medium Term Revenue & Expenditure Framework			Project information
		Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Sanitation Infrastructure:Reticulation:Pipe Work	5 418	5 268	5 584	5 891	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Water Supply Infrastructure:Distribution Points:Pipe Work	699	737	782	824	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Corrective Maintenance:Emergency:Water Supply Infrastructure:Distribution:Pipe Work	7 649	7 111	7 537	7 952	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Sanitation Infrastructure:Pump Station:Buildings	2 505	1 727	1 831	1 931	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Sanitation Infrastructure:Pump Station:Electrical Equipment	2 082	3 273	3 469	3 660	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Sanitation Infrastructure:Reticulation:Pipe Work	1 614	1 410	1 495	1 577	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Water Supply Infrastructure:Distribution Points:Pipe Work	7 912	8 052	8 535	9 005	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Infrastructure:Preventative Maintenance:Interval Based:Water Supply Infrastructure:Distribution:Pipe Work	4 762	5 199	5 511	5 814	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Machinery and Equipment	195	209	221	233	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Non-infrastructure:Corrective Maintenance:Emergency:Other Assets:Operational Buildings:Municipal Offices:Buildings	8	8	9	9	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Machinery and Equipment	3 122	3 294	3 491	3 683	Whole of the Municipality
Infrastructure and Technical Services - Water and Sanitation	Municipal Running Cost	571 048	587 317	622 933	668 133	Whole of the Municipality
Office Of The Municipal Manager	Default Transactions	(4 803)	(5 286)	(5 573)	(5 953)	Whole of the Municipality
Office Of The Municipal Manager	Maintenance:Non-infrastructure:Preventative Maintenance:Interval Based:Transport Assets	–	–	–	–	Whole of the Municipality
Office Of The Municipal Manager	Municipal Running Cost	40 981	39 077	45 181	51 430	Whole of the Municipality
Total Operational expenditure		2 832 926	3 016 497	3 207 989	3 442 297	

2.14 Municipal manager's quality certificate

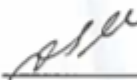
			
www.umhlathuze.gov.za			
Your ref: KZN 282		Our file ref:	5/1/1 - 2018/19
Contact: Municipal Manager		In response to DMS No:	DMS 1276722
		Date:	18/05/2018

QUALITY CERTIFICATE

I, Dr Nhlanhla Sibeko, Municipal Manager of the City of uMhlathuze, hereby certify that the Adopted Medium Term Revenue and Expenditure Framework Plan (MTREF) and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Adopted Medium Term Revenue and Expenditure Framework and supporting documentations are consistent with the Integrated Development Plan of the municipality.

DR NHLANHLA SIBEKO

MUNICIPAL MANAGER OF CITY OF uMHLATHUZE KZN282

SIGNATURE: 

DATE: 21/5/2018


ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER